

Senate File 2328 - Introduced

SENATE FILE 2328
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SSB 3141)

A BILL FOR

1 An Act providing for the reorganization of the Code provisions
2 relating to the Iowa finance authority, revising and
3 eliminating programs, including the beginning farm loan
4 program, providing for existing tax credits, providing
5 for the powers and duties of the authority, and including
6 effective date provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

DIVISION I
REORGANIZATION OF THE IOWA FINANCE AUTHORITY
GENERAL PROVISIONS

Section 1. Section 16.1, subsection 1, paragraphs a, f, g, i, o, aa, ak, and al, Code 2014, are amended by striking the paragraphs.

Sec. 2. Section 16.1, subsection 1, paragraphs d, n, p, and af, Code 2014, are amended to read as follows:

d. "Bond" means a bond issued by the authority pursuant to ~~sections 16.26 to 16.30, this chapter~~ and includes a note or other instrument evidencing a debt authorized or referred to in this chapter.

n. "Guiding principles" means the principles provided in ~~section 16.4 subchapter III~~ which shall be considered for amplification and interpretation of the goals of the authority.

p. (1) "Housing" means single family and multifamily dwellings, and facilities incidental or appurtenant to the dwellings, and includes group homes of fifteen beds or less licensed as health care facilities or child foster care facilities and modular or mobile homes which are permanently affixed to a foundation and are assessed as realty.

~~(2) "Adequate housing" means housing which meets minimum structural, heating, lighting, ventilation, sanitary, occupancy, and maintenance standards compatible with applicable building and housing codes, as determined under rules of the authority.~~

af. "Programs" "Program" means any program administered by the authority or any program in which the authority is directed or authorized to participate pursuant to any statute, executive order, or interagency agreement, or any other program participation or administration of which the authority finds useful and convenient to further the goals and purposes of the authority. ~~"Program" shall include but not be limited to all of the following:~~

~~(1) The housing assistance payments program.~~

- 1 ~~(2) The rent supplements program.~~
2 ~~(3) The emergency housing fund program.~~
3 ~~(4) The special housing assistance program.~~
4 ~~(5) The single-family housing program.~~
5 ~~(6) The multifamily housing program.~~
6 ~~(7) The title guaranty program.~~
7 ~~(8) The housing improvement fund program.~~
8 ~~(9) The economic development loan program.~~
9 ~~(10) The Iowa economic development bond bank program.~~
10 ~~(11) The sewage treatment and drinking facilities financing~~
11 ~~program.~~
12 ~~(12) The Iowa tank assistance bond program.~~
13 ~~(13) The residential treatment facilities program.~~
14 ~~(14) The E-911 program.~~
15 ~~(15) The community college dormitory program.~~
16 ~~(16) The prison infrastructure program.~~
17 ~~(17) The wastewater treatment financial assistance program.~~
18 ~~(18) Any other program established by the authority which~~
19 ~~the authority finds useful and convenient to further goals of~~
20 ~~the authority and which is consistent with the legislative~~
21 ~~findings. Such additional programs shall be administered in~~
22 ~~accordance with the guiding principles of the authority after~~
23 ~~such notice and hearing as is determined to be reasonable~~
24 ~~by the authority under the circumstances. Such additional~~
25 ~~programs shall be administered in accordance with rules, if~~
26 ~~any, which the authority determines useful and convenient to~~
27 ~~adopt pursuant to chapter 17A.~~

28 Sec. 3. Section 16.1, subsection 1, Code 2014, is amended by
29 adding the following new paragraphs:

30 NEW PARAGRAPH. *0a.* "Adequate housing" means housing which
31 meets minimum structural, heating, lighting, ventilation,
32 sanitary, occupancy, and maintenance standards compatible with
33 applicable building and housing codes, as determined under
34 rules of the authority.

35 NEW PARAGRAPH. *0g.* "Depreciable property" means personal

1 property for which an income tax deduction for depreciation is
2 allowable in computing federal income tax under the Internal
3 Revenue Code as defined in section 422.3.

4 NEW PARAGRAPH. *Op.* "*Historic properties*" means landmarks,
5 landmark sites, or districts which are significant in the
6 history, architecture, archaeology, or culture of this state,
7 its communities, or the nation.

8 NEW PARAGRAPH. *Op.* (1) "*Lending institution*" means
9 any bank, trust company, mortgage company, national banking
10 association, federal savings association, or life insurance
11 company; any state or federal governmental agency or
12 instrumentality; the federal land bank or any of its local
13 associations; or any other institution authorized to make loans
14 in this state.

15 (2) "*Lending institution*" includes a financial institution
16 as defined in section 496B.2, which lends moneys for farming
17 purposes as provided in subchapter VIII, or for industrial or
18 business purposes.

19 NEW PARAGRAPH. *Oac.* "*Net worth*" means a person's total
20 assets minus total liabilities as determined in accordance
21 with generally accepted accounting principles with appropriate
22 exceptions and exemptions reasonably related to an equitable
23 determination of a person's net worth. Assets shall be valued
24 at fair market value.

25 NEW PARAGRAPH. *Oaj.* "*Secured loan*" means a financial
26 obligation secured by a chattel mortgage, security agreement,
27 or other instrument creating a lien on an interest in
28 depreciable property.

29 NEW PARAGRAPH. *an.* "*Veteran*" means the same as defined in
30 section 35.1.

31 Sec. 4. Section 16.1, subsection 2, Code 2014, is amended by
32 striking the subsection.

33 Sec. 5. Section 16.1A, Code 2014, is amended to read as
34 follows:

35 **16.1A Creation — administration of programs.**

1 1. The Iowa finance authority is created, and constitutes
2 a public instrumentality and agency of the state exercising
3 public and essential governmental functions.

4 2. The authority shall undertake and administer all of the
5 following:

6 a. Programs established under this chapter ~~to assist in~~
7 ~~attainment of adequate housing for low or moderate income~~
8 ~~families, elderly families, and families which include one or~~
9 ~~more persons with disabilities, and to undertake the various~~
10 ~~finance programs under this chapter.~~

11 b. Programs which ~~assist qualified farmers or agricultural~~
12 ~~producers, including beginning farmers, as provided in chapter~~
13 ~~175 established by the authority which the authority finds~~
14 useful and convenient to further goals of the authority and
15 which is consistent with the legislative findings. Such
16 programs shall be administered in accordance with section 16.4.
17 Such additional programs shall be administered in accordance
18 with rules, if any, which the authority determines useful and
19 convenient to adopt pursuant to chapter 17A.

20 3. The Iowa finance authority board of directors shall
21 have general control, supervision, and regulation of all
22 ~~authority programs established under this chapter and chapter~~
23 ~~175 described in this section.~~

24 4. The authority is charged with the broad administrative
25 authority to make, administer, interpret, construe, repeal, and
26 execute the rules, and to administer, interpret, construe, and
27 execute the laws of this state relating to such programs.

28 5. The board may, by resolution, delegate to the
29 agricultural development board, title guaranty division
30 board, executive director, or other authority employee such
31 of its powers, under such terms and conditions, as it deems
32 appropriate.

33 Sec. 6. Section 16.2, subsection 9, Code 2014, is amended by
34 striking the subsection.

35 Sec. 7. Section 16.2A, subsection 1, Code 2014, is amended

1 to read as follows:

2 1. A title guaranty division is created within the
3 authority. The powers of the division relating to the issuance
4 of title guaranties are vested in and shall be exercised by
5 a division board of five members appointed by the governor
6 subject to confirmation by the senate. The membership
7 of the board shall include an attorney, an abstractor, a
8 real estate broker, a representative of a ~~mortgage lender~~
9 lending institution that engages in mortgage lending, and
10 a representative of the housing development industry. The
11 executive director of the authority shall appoint an attorney
12 as director of the title guaranty division, who shall serve
13 as an ex officio member of the board. The appointment of and
14 compensation for the division director are exempt from the
15 merit system provisions of chapter 8A, subchapter IV.

16 Sec. 8. NEW SECTION. **16.2B Agricultural development**
17 **division — administration of programs.**

18 1. An agricultural development division is created
19 within the authority. The agricultural development division
20 shall administer subchapter VIII, by providing assistance
21 to beginning farmers, agricultural producers, displaced
22 farmers, or other persons qualifying for such assistance under
23 subchapter VIII.

24 2. The agricultural development division shall be
25 administered in accordance with the policies of the
26 agricultural development board created in section 16.2C.
27 The executive director of the authority may organize the
28 agricultural development division and employ necessary
29 qualified personnel to administer subchapter VIII.

30 3. The agricultural development division shall, to
31 every extent practical, assist such persons to do all of the
32 following:

33 a. Acquire agricultural land, agricultural improvements,
34 or depreciable agricultural property, including as provided in
35 subchapter VIII.

1 *b.* Obtain agricultural assets transfer tax credits,
2 including by issuing tax credit certificates pursuant to
3 subchapter VIII, part 5.

4 *c.* Obtain financing for other capital requirements or
5 operating expenses.

6 4. The net earnings of the agricultural development
7 division, beyond that necessary for retirement of its notes,
8 bonds, or other obligations or to implement the public purposes
9 and programs authorized in subchapter VIII, shall not inure to
10 the benefit of any person other than the state.

11 5. *a.* At least two of the authority's full-time equivalent
12 positions, as defined in section 8.36A, shall be entirely
13 dedicated to administering programs established pursuant to
14 subchapter VIII. One of those full-time equivalent positions
15 shall be dedicated to overseeing the administration of those
16 programs, and to the extent that the programs are affected, the
17 full-time equivalent position shall be provided the powers and
18 duties necessary to do all of the following:

19 (1) Participate in making managerial decisions.

20 (2) Provide for outreach and promotion.

21 (3) Improve delivery of services.

22 *b.* This subsection is repealed on July 1, 2015.

23 Sec. 9. NEW SECTION. **16.2C Agricultural development board.**

24 1. The powers of the agricultural development division,
25 created within the Iowa finance authority under section 16.2B,
26 are vested in and shall be exercised by the agricultural
27 development board as provided in section 16.2B and this
28 section.

29 2. The agricultural development board is created to
30 exercise all powers and perform all duties necessary to
31 administer subchapter VIII according to policies established
32 by the Iowa finance authority. The authority shall establish
33 policies and practices for the division and oversee its
34 operations. The authority may review or approve decisions
35 affecting the division or administration of subchapter VIII,

1 including decisions of the agricultural development board.

2 3. The agricultural development board consists of five
3 members appointed by the governor subject to confirmation
4 by the senate. The executive director of the Iowa finance
5 authority or the executive director's designee shall serve as
6 an ex officio, nonvoting member.

7 4. The appointed members of the agricultural development
8 board shall be appointed and retained in office as follows:

9 a. Not more than three members shall belong to the same
10 political party.

11 b. As far as possible, the governor shall include within
12 the membership persons who represent lending institutions
13 experienced in agricultural lending, real estate sales,
14 farmers, beginning farmers, average taxpayers, local
15 government, soil and water conservation district officials,
16 agricultural educators, and other persons specially interested
17 in family farm development.

18 c. Members shall serve for staggered terms of six years
19 beginning and ending as provided in section 69.19. A person
20 appointed to fill a vacancy shall serve only for the unexpired
21 portion of the member's term. A member is eligible for
22 reappointment. An appointed member may be removed from office
23 by the governor for misfeasance, malfeasance, willful neglect
24 of duty, or other just cause, after notice and hearing, unless
25 the notice and hearing is expressly waived in writing.

26 5. The agricultural development board shall conduct
27 business according to all of the following:

28 a. Three appointed members constitute a quorum and the
29 affirmative vote of a majority of the appointed members is
30 necessary for any substantive action taken by the board. A
31 majority of appointed members shall not include any member who
32 has a conflict of interest and a statement by a member that
33 the member has a conflict of interest is conclusive for this
34 purpose. A vacancy in the membership does not impair the right
35 of a quorum to exercise all rights and perform all duties of

1 the board.

2 *b.* Meetings of the board shall be held at the call of the
3 chairperson or whenever two appointed members so request.

4 *c.* The appointed members shall elect a chairperson and vice
5 chairperson annually, and other officers as they determine.
6 The executive director of the Iowa finance authority or the
7 executive director's designee shall serve as secretary to the
8 board.

9 6. An appointed member of the agricultural development
10 board is entitled to receive a per diem as specified in section
11 7E.6 for each day spent in performance of duties as a member,
12 and shall be reimbursed for all actual and necessary expenses
13 incurred in the performance of duties as a member.

14 7. An appointed member of the agricultural development
15 board shall give bond as required for public officers in
16 chapter 64.

17 Sec. 10. NEW SECTION. 16.2D Council on homelessness.

18 1. A council on homelessness is created consisting of
19 thirty-eight voting members. At least one voting member at all
20 times shall be a member of a minority group.

21 2. Members of the council shall consist of all of the
22 following:

23 *a.* Twenty-six members of the general public appointed to
24 two-year staggered terms by the governor in consultation with
25 the nominating committee under subsection 4, paragraph "a".

26 (1) Voting members from the general public may include
27 but are not limited to the following types of individuals
28 and representatives of the following programs: homeless or
29 formerly homeless individuals and their family members, youth
30 shelters, faith-based organizations, local homeless service
31 providers, emergency shelters, transitional housing providers,
32 family and domestic violence shelters, private business, local
33 government, and community-based organizations.

34 (2) Five of the twenty-six voting members selected from the
35 general public shall be individuals who are homeless, formerly

1 homeless, or family members of homeless or formerly homeless
2 individuals.

3 (3) One of the twenty-six members selected from the general
4 public shall be a representative of the Iowa state association
5 of counties.

6 (4) One of the twenty-six members selected from the general
7 public shall be a representative of the Iowa league of cities.

8 b. Twelve agency director members consisting of all of the
9 following:

10 (1) The director of the department of education or the
11 director's designee.

12 (2) The director of the economic development authority or
13 the director's designee.

14 (3) The director of human services or the director's
15 designee.

16 (4) The attorney general or the attorney general's
17 designee.

18 (5) The director of the department of human rights or the
19 director's designee.

20 (6) The director of public health or the director's
21 designee.

22 (7) The director of the department on aging or the
23 director's designee.

24 (8) The director of the department of corrections or the
25 director's designee.

26 (9) The director of the department of workforce development
27 or the director's designee.

28 (10) The director of the department of public safety or the
29 director's designee.

30 (11) The director of the department of veterans affairs or
31 the director's designee.

32 (12) The executive director of the Iowa finance authority or
33 the executive director's designee.

34 3. An agency director's designee may vote on council matters
35 in the absence of the director.

1 4. *a.* A nominating committee initially comprised of all
2 twelve agency director members shall nominate persons to
3 the governor to fill the general public member positions.
4 Following appointment of all twenty-six general public members,
5 the composition of the nominating committee may be modified by
6 rule.

7 *b.* The council may establish other committees and
8 subcommittees comprised of members of the council.

9 5. A vacancy on the council shall be filled in the same
10 manner as the original appointment. A member appointed to fill
11 a vacancy created other than by expiration of a term shall be
12 appointed for the remainder of the unexpired term.

13 6. *a.* A majority of the members of the council constitutes
14 a quorum. Any action taken by the council must be adopted by
15 the affirmative vote of a majority of its membership.

16 *b.* The council shall elect a chairperson and vice
17 chairperson from the membership of the council. The
18 chairperson and vice chairperson shall each serve two-year
19 terms. The positions of chairperson and vice chairperson shall
20 not be held by members who are both either general public
21 members or agency directors. The position of chairperson shall
22 rotate between agency director members and general public
23 members.

24 *c.* The council shall meet at least six times per year.
25 Meetings of the council may be called by the chairperson or by
26 a majority of the members.

27 *d.* General public members shall be reimbursed by the Iowa
28 finance authority for actual and necessary expenses incurred
29 while engaged in their official duties.

30 7. The Iowa finance authority shall provide staff
31 assistance and administrative support to the council.

32 8. The duties of the council shall include but are not
33 limited to the following:

34 *a.* Develop a process for evaluating state policies,
35 programs, statutes, and rules to determine whether any state

1 policies, programs, statutes, or rules should be revised to
2 help prevent and alleviate homelessness.

3 *b.* Evaluate whether state agency resources could be more
4 efficiently coordinated with other state agencies to prevent
5 and alleviate homelessness.

6 *c.* Work to develop a coordinated and seamless service
7 delivery system to prevent and alleviate homelessness.

8 *d.* Use existing resources to identify and prioritize efforts
9 to prevent persons from becoming homeless and to eliminate
10 factors that keep people homeless.

11 *e.* Identify and use federal and other funding opportunities
12 to address and reduce homelessness within the state.

13 *f.* Work to identify causes and effects of homelessness and
14 increase awareness among policymakers and the general public.

15 *g.* Advise the governor's office, the Iowa finance authority,
16 state agencies, and private organizations on strategies to
17 prevent and eliminate homelessness.

18 9. *a.* The council shall make annual recommendations to
19 the governor regarding matters which impact homelessness on or
20 before September 15.

21 *b.* The council shall prepare and file with the governor and
22 the general assembly on or before the first day of December in
23 each odd-numbered year, a report on homelessness in Iowa.

24 *c.* The council shall assist in the completion of the state's
25 continuum of care application to the United States department
26 of housing and urban development.

27 10. *a.* The Iowa finance authority, in consultation with the
28 council, shall adopt rules pursuant to chapter 17A for carrying
29 out the duties of the council pursuant to this section.

30 *b.* The council shall establish internal rules of procedure
31 consistent with the provisions of this section.

32 *c.* Rules adopted or internal rules of procedure established
33 pursuant to paragraph "a" or "b" shall be consistent with the
34 requirements of the federal McKinney-Vento Homeless Assistance
35 Act, 42 U.S.C. §11301 et seq.

1 11. The council shall comply with the requirements of
2 chapters 21 and 22. The Iowa finance authority shall be the
3 official repository of council records.

4 Sec. 11. NEW SECTION. 16.2E Legislative findings —
5 general.

6 The general assembly finds and declares all of the
7 following:

8 1. The establishment of the authority is in all respects
9 for the benefit of the people of the state of Iowa, for the
10 improvement of their health and welfare, and for the promotion
11 of the economy, which are public purposes.

12 2. The authority will be performing an essential
13 governmental function in the exercise of the powers and duties
14 conferred upon it by this chapter.

15 3. All of the purposes stated in this chapter are public
16 purposes and uses for which public moneys may be borrowed,
17 expended, advanced, loaned, or granted.

18 Sec. 12. Section 16.3, subsections 1, 2, 14, 15, 16, 17, and
19 18, Code 2014, are amended by striking the subsections.

20 Sec. 13. Section 16.4, subsection 7, Code 2014, is amended
21 to read as follows:

22 7. The authority shall encourage the protection,
23 restoration and rehabilitation of historic properties, and
24 the preservation of other properties of special value for
25 architectural or esthetic reasons. ~~As used in this subsection,~~
26 ~~"historic properties" means landmarks, landmark sites, or~~
27 ~~districts which are significant in the history, architecture,~~
28 ~~archaeology, or culture of this state, its communities, or the~~
29 ~~nation.~~

30 Sec. 14. NEW SECTION. 16.4A Legislative findings —
31 agricultural development.

32 The general assembly finds and declares all of the
33 following:

34 1. There exists a serious problem in this state regarding
35 the ability of nonestablished farmers to acquire agricultural

1 land and agricultural improvements and depreciable agricultural
2 property in order to enter farming.

3 2. This barrier to entry into farming is conducive to
4 consolidation of acreage of agricultural land with fewer
5 individuals resulting in a grave threat to the traditional
6 family farm.

7 3. These conditions result in a loss in population,
8 unemployment, and a movement of persons from rural communities
9 to urban areas accompanied by added costs to communities for
10 creation of new public facilities and services.

11 4. One major cause of this condition has been recurrent
12 shortages of funds in private channels and the high interest
13 cost of borrowing.

14 5. These shortages and costs have made the sale and
15 purchase of agricultural land to beginning farmers a virtual
16 impossibility in many parts of the state.

17 6. The ordinary operations of private enterprise have not in
18 the past corrected these conditions.

19 7. A stable supply of adequate funds for agricultural
20 financing is required to encourage beginning farmers in
21 an orderly and sustained manner and to reduce the problems
22 described in this section.

23 8. Article IX, 2nd subarticle, section 3, of the
24 Constitution of the State of Iowa requires that, "The
25 General Assembly shall encourage, by all suitable means, the
26 promotion of intellectual, scientific, moral, and agricultural
27 improvement," and agricultural improvement and the public good
28 are served by a policy of facilitating access to capital by
29 beginning farmers unable to obtain capital elsewhere in order
30 to preserve, encourage, and protect the family farm which has
31 been the economic, political, and social backbone of rural
32 Iowa.

33 9. It is necessary to create a program to encourage
34 ownership of farms by beginning farmers by providing purchase
35 money loans to beginning farmers who are not able to obtain

1 adequate capital elsewhere to provide such funds and to lower
2 costs through the use of public financing.

3 10. There exists a serious problem in this state regarding
4 the ability of farmers to obtain affordable operating loans for
5 reasonable and necessary expenses and cash flow requirements
6 of farming.

7 11. Farming is one of the principal pursuits of the
8 inhabitants of this state. Many other industries and pursuits,
9 in turn, are wholly dependent upon farming.

10 12. The inability of farmers to obtain affordable operating
11 loans is conducive to a general decline of the economy in this
12 state.

13 13. A serious problem continues to exist in this state
14 regarding the ability of agricultural producers to obtain,
15 retain, restructure, or service loans or other financing on
16 a reasonable and affordable basis for operating expenses,
17 cash flow requirements, and capital asset acquisition or
18 maintenance.

19 14. Because the Iowa economy is dependent upon the
20 production and marketing of agricultural produce, the inability
21 of agricultural producers to obtain, retain, restructure,
22 or service loans or other financing on a reasonable and
23 an affordable basis for operating expenses, cash flow
24 requirements, or capital asset acquisition or maintenance
25 contributes to a general decline of the state's economy.

26 Sec. 15. NEW SECTION. 16.4B Guiding principles —
27 agricultural development.

28 In the performance of its duties, implementation of its
29 powers, and selection of specific programs and projects to
30 receive its assistance under subchapter VIII, the authority
31 shall be guided by the following precatory principles:

32 1. The authority shall not become an owner of real or
33 depreciable property, except on a temporary basis where
34 necessary in order to implement its programs, to protect its
35 investments by means of foreclosure or other means, or to

1 facilitate transfer of real or depreciable property for the use
2 of beginning farmers.

3 2. The authority shall exercise diligence and care in
4 selection of projects to receive its assistance and shall apply
5 customary and acceptable business and lending standards in
6 selection and subsequent implementation of the projects. The
7 authority may delegate primary responsibility for determination
8 and implementation of the projects to any federal governmental
9 agency which assumes any obligation to repay the loan, either
10 directly or by insurance or guaranty.

11 3. The authority shall establish a beginning farmer
12 loan program to aid beginning farmers in the acquisition of
13 agricultural land and improvements and depreciable agricultural
14 property.

15 4. The authority shall develop programs for providing
16 financial assistance to agricultural producers in this state.

17 Sec. 16. NEW SECTION. **16.4C Legislative findings — title**
18 **guaranty.**

19 The general assembly finds and declares that the abstract
20 attorney's title opinion system promotes land title stability
21 for determining the marketability of land titles and is a
22 public purpose. A public purpose is served by providing, as
23 an adjunct to the abstract attorney's title opinion system,
24 a low-cost mechanism to provide for additional guaranties of
25 real property titles in Iowa. The title guaranties facilitate
26 mortgage lenders' participation in the secondary market and
27 add to the integrity of the land-title transfer system in the
28 state.

29 Sec. 17. NEW SECTION. **16.4D Legislative findings —**
30 **economic development.**

31 The general assembly finds and declares all of the
32 following:

33 1. Economic development and expansion of business,
34 industry, and farming in the state is dependent upon the
35 availability of financing of the development and expansion at

1 affordable interest rates.

2 2. The pooling of private financing enhances the
3 marketability of the obligations involved and increases access
4 to other state, regional, and national credit markets.

5 3. The creation of an economic development program as
6 provided in section 16.102 will make the pooling of private
7 financing available to small businesses, farmers, agricultural
8 landowners and operators, and commercial, industrial, and other
9 business enterprises at favorable interest rates with reduced
10 marketing costs.

11 Sec. 18. Section 16.5, subsection 1, paragraph p, Code 2014,
12 is amended to read as follows:

13 *p.* Through the Iowa title guaranty division, make and issue
14 title guaranties on Iowa real property in a form acceptable
15 to the secondary market, to fix and collect the charges for
16 the guaranties and to procure reinsurance against any loss in
17 connection with the guaranties.

18 Sec. 19. Section 16.5C, subsections 6 and 8, Code 2014, are
19 amended to read as follows:

20 6. Renegotiate a mortgage loan or loan to a ~~mortgage lender~~
21 lending institution in default; waive a default or consent to
22 the modification of the terms of a mortgage loan or a loan to a
23 ~~mortgage lender~~ lending institution; forgive or forbear all or
24 part of a mortgage loan or a loan to a ~~mortgage lender~~ lending
25 institution; and commence, prosecute, and enforce a judgment
26 in any action, including but not limited to a foreclosure
27 action, to protect or enforce any right conferred upon the
28 authority by law, mortgage loan agreement, contract, or other
29 agreement, and in connection with any such action, bid for and
30 purchase the property or acquire or take possession of it,
31 complete, administer, and pay the principal of and interest on
32 any obligations incurred in connection with the property, and
33 dispose of and otherwise deal with the property in a manner as
34 the authority deems advisable to protect its interests.

35 8. Purchase, and make advance commitments to purchase,

1 residential mortgage loans from ~~mortgage lenders~~ lending
2 institutions at prices and upon terms and conditions it
3 determines consistent with its goals and legislative findings.
4 However, the total purchase price for all residential
5 mortgage loans which the authority commits to purchase from
6 a ~~mortgage lender~~ lending institution at any one time shall
7 not exceed the total of the unpaid principal balances of the
8 residential mortgage loans purchased. ~~Mortgage lenders~~ Lending
9 institutions are authorized to sell residential mortgage loans
10 to the authority in accordance with this section and the rules
11 of the authority. The authority may charge a ~~mortgage lender~~
12 lending institution a commitment fee or other fees as set by
13 rule as a condition for the authority purchasing residential
14 mortgage loans.

15 Sec. 20. NEW SECTION. 16.5D **Specific powers and duties —**
16 **agricultural development.**

17 The authority has all of the general and specific powers
18 needed to carry out its purposes and duties as provided in
19 this subchapter, and to exercise its specific powers under
20 subchapter VIII.

21 Sec. 21. Section 16.7, Code 2014, is amended to read as
22 follows:

23 **16.7 Annual report.**

24 1. The authority shall submit to the governor and to the
25 general assembly, not later than January 15 each year, ~~a~~ an
26 annual report.

27 2. A complete report shall include at least three parts
28 which include all of the following:

29 a. A general description of the authority setting forth:

30 ~~a.~~ (1) Its operations and accomplishments.

31 ~~b.~~ (2) Its receipts and expenditures during the fiscal
32 year, in accordance with the classifications it establishes for
33 its operating and capital accounts.

34 ~~c.~~ (3) Its assets and liabilities at the end of its fiscal
35 year and the status of reserve, special, and other funds.

1 ~~d.~~ (4) A schedule of its bonds and notes outstanding at
2 the end of its fiscal year, together with a statement of the
3 amounts redeemed and issued during its fiscal year.

4 ~~e.~~ (5) A statement of its proposed and projected
5 activities.

6 ~~f.~~ (6) Recommendations to the general assembly, as it deems
7 necessary.

8 ~~g.~~ ~~An analysis of current housing needs in the state.~~

9 ~~2. The annual report shall identify performance~~

10 (7) Performance goals of the authority, and clearly
11 ~~indicate~~ indicating the extent of progress during the reporting
12 period, in attaining the goals.

13 b. A summary of housing programs administered under this
14 chapter. The summary shall include an analysis of current
15 housing needs in this state. Where possible, results shall be
16 expressed in terms of housing units.

17 c. A summary of agricultural development programs
18 administered under subchapter VIII. Where possible, findings
19 and results shall be expressed in terms of number of loans, tax
20 credits, participating qualified beginning farmers, and acres
21 of agricultural land, including by county.

22 Sec. 22. Section 16.9, Code 2014, is amended by striking the
23 section and inserting in lieu thereof the following:

24 **16.9 Nondiscrimination and affirmative action.**

25 In administering its programs under this chapter, the
26 authority shall comply with all applicable state and federal
27 laws relating to nondiscrimination and affirmative action.

28 Sec. 23. NEW SECTION. **16.11 Assistance by state officers,**
29 **agencies, and departments.**

30 State officers and state departments and agencies may render
31 services to the authority within their respective functions as
32 requested by the authority.

33 Sec. 24. NEW SECTION. **16.13 Conflicts of interest.**

34 1. As used in this section, "member" means each individual
35 appointed to any of the following:

1 a. The board of directors of the Iowa finance authority
2 created pursuant to section 16.2.

3 b. The board of directors of the agricultural development
4 division created pursuant to section 16.2C.

5 2. a. If a member or employee of the authority other than
6 the executive director of the authority has an interest, either
7 direct or indirect, in a contract to which the authority is,
8 or is to be, a party, or in a mortgage lender requesting a loan
9 from, or offering to sell mortgage loans to, the authority,
10 the interest shall be disclosed to the authority in writing
11 and shall be set forth in the minutes of the authority. The
12 member or employee having the interest shall not participate
13 in any action of the authority with respect to that contract
14 or mortgage lender.

15 b. A violation of a provision of this subsection is
16 misconduct in office under section 721.2. However, a
17 resolution of the authority is not invalid because of a vote
18 cast by a member in violation of this subsection unless the
19 vote was decisive in the passage of the resolution.

20 c. For the purposes of this subsection, "*action of the*
21 *authority with respect to that contract or mortgage lender*"
22 means only an action directly affecting a separate contract or
23 mortgage lender, and does not include an action which benefits
24 the general public or which affects all or a substantial
25 portion of the contracts or mortgage lenders included in a
26 program of the authority.

27 3. Nothing in this section shall be deemed to limit the
28 right of a member, officer, or employee of the authority to
29 acquire an interest in bonds or notes of the authority or to
30 limit the right of a member, officer, or employee other than
31 the executive director to have an interest in a financial
32 institution, including a lending institution, in which the
33 funds of the authority are, or are to be, deposited or which
34 is, or is to be, acting as trustee or paying agent under a trust
35 indenture to which the authority is a party.

1 4. The executive director shall not have an interest in
2 a financial institution, including a lending institution, in
3 which the funds of the authority are, or are to be, deposited
4 or which is, or is to be, acting as trustee or paying agent
5 under a trust indenture to which the authority is a party. The
6 executive director shall not receive, in addition to fixed
7 salary or compensation, any money or valuable thing, either
8 directly or indirectly, or through any substantial interest
9 in any other corporation or business unit, for negotiating,
10 procuring, recommending, or aiding in any purchase or sale
11 of property, or loan, made by the authority, nor shall the
12 executive director be pecuniarily interested, either as
13 principal, coprincipal, agent, or beneficiary, either directly
14 or indirectly, or through any substantial interest in any other
15 corporation or business unit, in any such purchase, sale, or
16 loan.

17 Sec. 25. NEW SECTION. 16.16 Liability.

18 1. A member, as defined in section 16.13, or a person acting
19 on behalf of the authority while acting within the scope of the
20 member's or person's agency or employment, is not subject to
21 personal liability resulting from carrying out the powers and
22 duties in this chapter.

23 2. The United States and the secretary of agriculture of
24 the United States are not subject to liability by virtue of the
25 transfer of the assets to the authority under this chapter.

26 3. The treasurer of state shall not be subject to personal
27 liability resulting from carrying out the powers and duties
28 of the authority or the treasurer of state, as applicable, in
29 subchapter X, part 15.

30 Sec. 26. NEW SECTION. 16.17 Rules.

31 1. The authority shall adopt all rules necessary to
32 administer this chapter.

33 2. The authority may establish by rule further definitions
34 applicable to this chapter, and clarification of the
35 definitions in this chapter, as it deems convenient and

1 necessary to carry out the public purposes of this chapter
2 including all the following:

3 *a.* Any rules necessary to assure eligibility for funds
4 available under federal housing laws, or to assure compliance
5 with federal tax laws relating to the issuance of tax exempt
6 bonds pursuant to the Internal Revenue Code or relating to the
7 allowance of low-income credits under Internal Revenue Code
8 §42.

9 *b.* Any rule as necessary to assure eligibility for funds,
10 insurance, or guaranties available under federal laws and to
11 carry out the public purposes of subchapter VIII.

12 3. The authority may adopt rules pursuant to chapter 17A
13 relating to the purchase and sale of residential mortgage loans
14 and the sale of mortgage-backed securities.

15 Sec. 27. NEW SECTION. 16.18 **Inconsistent provisions.**

16 This chapter takes precedence over any conflicting
17 provisions contained in section 535.8, subsection 2, with
18 respect to the use or enforcement of a due-on-sale or similar
19 clause in a mortgage loan agreement, and takes precedence over
20 any conflicting provisions contained in laws enacted after
21 July 1, 1981, with respect to the use or enforcement of a
22 due-on-sale or similar clause in a mortgage loan agreement
23 unless those laws expressly provide that they take precedence
24 over this chapter.

25 Sec. 28. NEW SECTION. 16.19 **Liberal interpretation.**

26 This chapter, being necessary for the welfare of this state
27 and its inhabitants, shall be liberally construed to effect its
28 purposes.

29 Sec. 29. NEW SECTION. 16.22 **Application of funds from sales**
30 **of obligations.**

31 All moneys received by or on behalf of the authority, whether
32 as proceeds from the sale of obligations or as revenues, are
33 trust funds to be held and applied solely for the purposes
34 specified in the appropriation, bond resolution, or other
35 document authorizing receipt of the moneys by the authority.

1 A person with which the moneys are deposited shall act as
2 trustee of the moneys and shall hold and apply the moneys for
3 the purposes specified in this chapter subject to limitations
4 specified in this chapter and in the bond resolution
5 authorizing the issuance of the obligations.

6 Sec. 30. Section 16.26, subsection 4, paragraph a, Code
7 2014, is amended to read as follows:

8 a. State the date and series of the issue, ~~be consecutively~~
9 ~~numbered,~~ and state ~~on their face~~ that they are payable both
10 as to principal and interest solely out of the assets of the
11 authority and do not constitute an indebtedness of this state
12 or any political subdivision of this state other than the
13 authority within the meaning of any constitutional or statutory
14 debt limit.

15 Sec. 31. Section 16.26, subsections 5 and 6, Code 2014, are
16 amended to read as follows:

17 5. The authority may issue its bonds for the purpose of
18 refunding any bonds or notes ~~of the authority~~ then outstanding,
19 including the payment of any redemption premiums thereon and
20 any interest accrued or to accrue to the date of redemption
21 of the outstanding bonds or notes. Until the proceeds
22 of bonds issued for the purpose of refunding outstanding
23 bonds or notes are applied to the purchase or retirement of
24 outstanding bonds or notes or the redemption of outstanding
25 bonds or notes, the proceeds may be placed in escrow and be
26 invested and reinvested in accordance with the provisions of
27 this chapter. The interest, income, and profits earned or
28 realized on an investment may also be applied to the payment
29 of the outstanding bonds or notes to be refunded by purchase,
30 retirement, or redemption. After the terms of the escrow have
31 been fully satisfied and carried out, any balance of proceeds
32 and interest earned or realized on the investments may be
33 returned to the authority for use by it in any lawful manner.
34 All refunding bonds shall be issued and secured and subject to
35 the provisions of this chapter in the same manner and to the

1 same extent as other bonds issued pursuant to this chapter.

2 6. The authority may issue negotiable bond anticipation
3 notes and may renew them from time to time but the maximum
4 maturity of the notes, including renewals, shall not exceed
5 ten years from the date of issue of the original notes. ~~Notes~~
6 Bond anticipation notes are payable from any available moneys
7 of the authority not otherwise pledged, or from the proceeds
8 of the sale of bonds of the authority in anticipation of
9 which the bond anticipation notes were issued. ~~Notes~~ Bond
10 anticipation notes may be issued for any corporate purpose
11 of the authority. ~~Notes~~ Bond anticipation notes shall be
12 issued in the same manner as bonds, and bond anticipation
13 notes, and the resolution authorizing them may contain any
14 provisions, conditions, or limitations, not inconsistent
15 with the provisions of this subsection, which the bonds or
16 a bond resolution of the authority may contain. ~~Notes~~ Bond
17 anticipation notes may be sold at public or private sale. In
18 case of default on its bond anticipation notes or violation
19 of any obligations of the authority to the noteholders, the
20 noteholders shall have all the remedies provided in this
21 chapter for bondholders. ~~Notes~~ Bond anticipation notes shall
22 be as fully negotiable as bonds of the authority.

23 Sec. 32. Section 16.26, subsection 7, Code 2014, is amended
24 by striking the subsection and inserting in lieu thereof the
25 following:

26 7. It is the intention of the general assembly that a pledge
27 made in respect of bonds or notes shall be valid and binding
28 from the time the pledge is made, that the money or property
29 so pledged and received after the pledge by the authority
30 shall immediately be subject to the lien of the pledge without
31 physical delivery or further act, and that the lien of the
32 pledge shall be valid and binding as against all parties having
33 claims of any kind in tort, contract, or otherwise against
34 the authority whether or not the parties have notice of the
35 lien. Neither the resolution, trust agreement, nor any other

1 instrument by which a pledge is created needs to be recorded or
2 filed under the Iowa uniform commercial code, chapter 554, to
3 be valid, binding, or effective against the parties.

4 Sec. 33. Section 16.26, Code 2014, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 10. It is the intention of the general
7 assembly that a pledge made in respect of bonds or notes shall
8 be valid and binding from the time the pledge is made, that
9 the money or property so pledged and received after the pledge
10 by the authority shall immediately be subject to the lien of
11 the pledge without physical delivery or further act, and that
12 the lien of the pledge shall be valid and binding as against
13 all parties having claims of any kind in tort, contract, or
14 otherwise against the authority whether or not the parties have
15 notice of the lien. Neither the resolution, trust agreement,
16 nor any other instrument by which a pledge is created needs to
17 be recorded or filed under the Iowa uniform commercial code,
18 chapter 554, to be valid, binding, or effective against the
19 parties.

20 Sec. 34. Section 16.27, Code 2014, is amended by adding the
21 following new subsections:

22 NEW SUBSECTION. 3A. To assure the continued operation
23 and solvency of the authority for the carrying out of its
24 corporate purposes, provision is made in subsection 1 for the
25 accumulation in each bond reserve fund of an amount equal to
26 the bond reserve fund requirement for the fund. In order
27 further to assure maintenance of the bond reserve funds, the
28 chairperson of the authority shall, on or before July 1 of each
29 calendar year, make and deliver to the governor a certificate
30 stating the sum, if any, required to restore each bond reserve
31 fund to its bond reserve fund requirement. Within thirty days
32 after the beginning of the session of the general assembly
33 next following the delivery of the certificate, the governor
34 may submit to both houses printed copies of a budget including
35 any sum required to restore each bond reserve fund to its bond

1 reserve fund requirement. Sums appropriated by the general
2 assembly and paid to the authority under this section shall be
3 deposited by the authority in the applicable bond reserve fund.

4 NEW SUBSECTION. 3B. Amounts paid over to the authority
5 by the state pursuant to the provisions of this section shall
6 constitute and be accounted for as advances by the state to
7 the authority and, subject to the rights of the holders of any
8 bonds or notes of the authority, shall be repaid to the state
9 without interest from all available operating revenues of the
10 authority in excess of amounts required for the payment of
11 bonds, notes, or obligations of the authority, the bond reserve
12 fund, and operating expenses.

13 NEW SUBSECTION. 3C. In the event that the principal amount
14 of any bonds or notes deposited in a bond reserve fund is
15 withdrawn for payment of principal or interest thereby reducing
16 the amount of that fund to less than the bond reserve fund
17 requirement, the authority shall immediately notify the general
18 assembly of this event and shall take steps to restore the
19 fund to its bond reserve fund requirement from any amounts
20 available, other than principal of a bond issue, which are not
21 pledged to the payment of other bonds or notes.

22 Sec. 35. NEW SECTION. 16.27A **Powers relating to loans.**

23 Subject to any agreement with bondholders or noteholders,
24 the authority may renegotiate a mortgage or secured loan or
25 a loan to a lending institution in default, waive a default
26 or consent to the modification of the terms of a mortgage or
27 secured loan or a loan to a lending institution, forgive or
28 forbear all or part of a mortgage or secured loan or a loan to
29 a lending institution, and commence, prosecute, and enforce
30 a judgment in any action, including but not limited to a
31 foreclosure action, to protect or enforce any right conferred
32 upon it by law, mortgage or secured loan agreement, contract
33 or other agreement, and in connection with any action, bid for
34 and purchase the property or acquire or take possession of it,
35 complete, administer, pay the principal of and interest on

1 any obligations incurred in connection with the property, and
2 dispose of and otherwise deal with the property in a manner the
3 authority deems advisable to protect its interests.

4 Sec. 36. NEW SECTION. 16.29 **Agreement of the state.**

5 The state pledges and agrees with the holders of any bonds or
6 notes that the state will not limit or alter the rights vested
7 in the authority to fulfill the terms of agreements made with
8 the holders or in any way to impair the rights and remedies of
9 the holders until the bonds or notes together with the interest
10 on them, plus interest on unpaid installments of interest,
11 and all costs and expenses in connection with an action by or
12 on behalf of the holders are fully met and discharged. The
13 authority may include this pledge and agreement of the state in
14 any agreement with the holders of bonds or notes.

15 Sec. 37. NEW SECTION. 16.32 **Surplus moneys — loan and
16 grant fund.**

17 1. Moneys declared by the authority to be surplus moneys
18 which are not required to service bonds and notes issued by the
19 authority, to pay administrative expenses of the authority,
20 or to accumulate necessary operating or loss reserves, shall
21 be used by the authority to provide grants, loans, subsidies,
22 and services or assistance through programs authorized in this
23 chapter.

24 2. The authority may establish a loan and grant fund which
25 may be comprised of the proceeds of appropriations, grants,
26 contributions, surplus moneys transferred as provided in this
27 section, and repayment of authority loans made from such fund.

28 Sec. 38. NEW SECTION. 16.34A **Special definition.**

29 As used in this subchapter, unless the context otherwise
30 requires, "*state housing credit ceiling*" means the state
31 housing credit ceiling as defined in Internal Revenue Code
32 §42(h)(3)(C).

33 Sec. 39. NEW SECTION. 16.35 **State housing credit ceiling
34 allocation.**

35 1. The authority is designated the housing credit agency

1 for the allowance of low-income housing credits under the state
2 housing credit ceiling.

3 2. The authority shall adopt rules and allocation
4 procedures which will ensure the maximum use of available tax
5 credits in order to encourage development of low-income housing
6 in the state. The authority shall consider the following
7 factors in the adoption and application of the allocation
8 rules:

- 9 a. Timeliness of the application.
- 10 b. Location of the proposed housing project.
- 11 c. Relative need in the proposed area for low-income
12 housing.
- 13 d. Availability of low-income housing in the proposed area.
- 14 e. Economic feasibility of the proposed project.
- 15 f. Ability of the applicant to proceed to completion of the
16 project in the calendar year for which the credit is sought.

17 3. The authority shall adopt rules specifying the
18 application procedure and the allowance of low-income housing
19 credits under the state housing credit ceiling.

20 Sec. 40. NEW SECTION. 16.36 **Participation in federal**
21 **housing assistance payments program.**

22 The authority shall participate in the housing assistance
23 payments program under section 8 of the United States Housing
24 Act of 1937, as amended by §201 of the Housing and Community
25 Development Act of 1974, Pub. L. No. 93-383, codified at 42
26 U.S.C. §1437 et seq.

27 Sec. 41. NEW SECTION. 16.38 **Loans to lending institutions.**

28 1. The authority may make, and contract to make, loans to
29 lending institutions on terms and conditions as the authority
30 determines which are reasonably related to protecting the
31 security of the authority's investment and to implementing
32 the purposes of this chapter, and subject to this section.
33 All lending institutions are authorized to borrow from the
34 authority in accordance with the provisions of this section and
35 the rules of the authority.

1 2. The authority shall require as a condition of each
2 loan to a lending institution that the lending institution,
3 within a reasonable period after receipt of the loan proceeds
4 as the authority prescribes by rule, shall have entered into
5 written commitments to make, and, within a reasonable period
6 thereafter as the authority prescribes by rule, shall have
7 disbursed the loan proceeds in new mortgage loans to low or
8 moderate income families in an aggregate principal amount equal
9 to the amount of the loan. New mortgage loans shall have terms
10 and conditions as the authority prescribes by rules which
11 are reasonably related to implementing the purposes of this
12 chapter.

13 3. The authority shall require the submission to the
14 authority by each lending institution to which the authority
15 has made a loan, of evidence satisfactory to the authority of
16 the making of new mortgage loans to low or moderate income
17 families as required by this section, and in that connection
18 may, through its members, employees, or agents, inspect the
19 books and records of a lending institution.

20 4. Compliance by a lending institution with the terms of
21 its agreement with the authority with respect to the making
22 of new mortgage loans to low or moderate income families may
23 be enforced by decree of any district court of this state.
24 The authority may require as a condition of a loan to a
25 national banking association or a federally chartered savings
26 and loan association, the consent of the association to the
27 jurisdiction of courts of this state over any such proceeding.
28 The authority may also require, as a condition of a loan to
29 a lending institution, agreement by the lending institution
30 to the payment of penalties to the authority for violation by
31 the lending institution of its agreement with the authority,
32 and the penalties shall be recoverable at the suit of the
33 authority.

34 5. The authority shall require that each lending
35 institution receiving a loan pursuant to this section

1 shall issue and deliver to the authority an evidence of its
2 indebtedness to the authority which shall constitute a general
3 obligation of the lending institution and shall bear a date,
4 mature at a time, be subject to prepayment, and contain other
5 provisions consistent with this section and reasonably related
6 to protecting the security of the authority's investment, as
7 the authority determines.

8 6. Notwithstanding any other provision of this section to
9 the contrary, the interest rate and other terms of loans to
10 lending institutions made from the proceeds of an issue of
11 bonds or notes of the authority shall be at least sufficient
12 to assure the payment of the bonds or notes and the interest on
13 them as they become due.

14 7. The authority shall require that loans to lending
15 institutions are additionally secured as to payment of both
16 principal and interest by a pledge of and lien upon collateral
17 security by special escrow funds or other forms of guaranty and
18 in such amounts and forms as the authority shall by resolution
19 determine to be necessary to assure the payment of the loans
20 and the interest thereon as they become due. Collateral
21 security shall consist of direct obligations of, or obligations
22 guaranteed by, the United States or one of its agencies,
23 obligations satisfactory to the authority which are issued by
24 other federal agencies, direct obligations of or obligations
25 guaranteed by a state or a political subdivision of a state, or
26 investment quality obligations approved by the authority.

27 8. The authority may require that collateral for loans
28 be deposited with a bank, trust company, or other financial
29 institution acceptable to the authority located in this state
30 and designated by the authority as custodian. In the absence
31 of such a requirement, each lending institution shall enter
32 into an agreement with the authority containing provisions
33 as the authority deems necessary to adequately identify and
34 maintain the collateral, service the collateral, and require
35 the lending institution to hold the collateral as an agent

1 for the authority and be accountable to the authority as the
2 trustee of an express trust for the application and disposition
3 of the collateral and the income from it. The authority may
4 also establish additional requirements as the authority deems
5 necessary with respect to the pledging, assigning, setting
6 aside, or holding of collateral and the making of substitutions
7 for it or additions to it and the disposition of income and
8 receipts from it.

9 9. The authority may require as a condition of loans to
10 lending institutions, any representations and warranties the
11 authority determines are necessary to secure the loans and
12 carry out the purposes of this section.

13 10. If a provision of this section is inconsistent with a
14 provision of law of this state governing lending institutions,
15 the provision of this section controls for the purposes of this
16 section.

17 Sec. 42. NEW SECTION. 16.39 **Purchase of mortgage loans.**

18 1. The authority may purchase, and make advance commitments
19 to purchase, mortgage loans from lending institutions at prices
20 and upon terms and conditions as the authority determines
21 subject to this section. However, the total purchase price
22 for all mortgage loans which the authority commits to purchase
23 from a lending institution at any one time shall not exceed
24 the total of the unpaid principal balances of the mortgage
25 loans purchased. Lending institutions are authorized to
26 sell mortgage loans to the authority in accordance with the
27 provisions of this section and the rules of the authority.

28 2. The authority shall require as a condition of purchase
29 of mortgage loans from lending institutions that the lending
30 institutions, within a reasonable period after receipt of the
31 purchase price as the authority prescribes by rule, shall enter
32 into written commitments to loan and, within a reasonable
33 period thereafter as the authority prescribes by rule, shall
34 loan an amount equal to the entire purchase price of the
35 mortgage loans, on new mortgage loans to low or moderate

1 income families or certify that mortgage loans purchased are
2 mortgage loans made to low or moderate income families. New
3 mortgage loans to be made by lending institutions shall have
4 terms and conditions as the authority prescribes by rule. The
5 authority may make a commitment to purchase mortgage loans
6 from lending institutions in advance of the time such loans
7 are made by lending institutions. The authority shall require
8 as a condition of such commitment that lending institutions
9 certify in writing that all mortgage loans represented by the
10 commitment will be made to low or moderate income families, and
11 that other authority specifications will be complied with.

12 3. The authority shall require the submission to the
13 authority by each lending institution from which the authority
14 has purchased mortgages, of evidence satisfactory to the
15 authority of the making of new mortgage loans to low or
16 moderate income families as required by this section and in
17 that connection may, through its members, employees, or agents,
18 inspect the books and records of a lending institution.

19 4. Compliance by a lending institution with the terms of
20 its agreement with the authority with respect to the making of
21 new mortgage loans to low or moderate income families may be
22 enforced by decree of any district court of this state. The
23 authority may require as a condition of purchase of mortgage
24 loans from any national banking association or federally
25 chartered savings and loan association, the consent of the
26 association to the jurisdiction of courts of this state over
27 any such proceeding. The authority may also require as a
28 condition of the authority's purchase of mortgage loans from
29 a lending institution, agreement by the lending institution
30 to the payment of penalties to the authority for violation by
31 the lending institution of its agreement with the authority,
32 and the penalties shall be recoverable at the suit of the
33 authority.

34 5. The authority may require as a condition of purchase of
35 a mortgage loan from a lending institution that the lending

1 institution represent and warrant to the authority that:

2 *a.* The unpaid principal balance of the mortgage loan and
3 the interest rate on it have been accurately stated to the
4 authority.

5 *b.* The amount of the unpaid principal balance is justly due
6 and owing.

7 *c.* The lending institution has no notice of the existence of
8 any counterclaim, offset, or defense asserted by the mortgagor
9 or the mortgagor's successor in interest.

10 *d.* The mortgage loan is evidenced by a bond or promissory
11 note and a mortgage which has been properly recorded with the
12 appropriate public official.

13 *e.* The mortgage constitutes a valid first lien on the
14 real property described to the authority subject only to real
15 property taxes not yet due, installments of assessments not
16 yet due, and easements and restrictions of record which do not
17 adversely affect, to a material degree, the use or value of the
18 real property or improvements on it.

19 *f.* The mortgagor is not now in default in the payment of
20 any installment of principal or interest, escrow funds, or real
21 property taxes, or otherwise in the performance of obligations
22 under the mortgage documents and has not to the knowledge of
23 the lending institution been in default in the performance of
24 any obligation under the mortgage for a period of longer than
25 sixty days during the life of the mortgage.

26 *g.* The improvements to the mortgaged real property are
27 covered by a valid and subsisting policy of insurance issued
28 by a company authorized to issue such policies in this state
29 and providing fire and extended coverage in amounts as the
30 authority prescribes by rule.

31 *h.* The mortgage loan meets the prevailing investment quality
32 standards for mortgage loans in this state.

33 6. A lending institution is liable to the authority for
34 damages suffered by the authority by reason of the untruth
35 of a representation or the breach of a warranty and, in the

1 event that a representation proves to be untrue when made or
2 in the event of a breach of warranty, the lending institution
3 shall, at the option of the authority, repurchase the mortgage
4 loan for the original purchase price adjusted for amounts
5 subsequently paid on it, as the authority determines.

6 7. The authority shall require the recording of an
7 assignment of a mortgage loan purchased by the authority from
8 a lending institution and shall not be required to notify
9 the mortgagor of the authority's purchase of the mortgage
10 loan. The authority shall not be required to inspect or take
11 possession of the mortgage documents if the mortgage lender
12 from which the mortgage loan is purchased by the authority
13 enters into a contract to service the mortgage loan and account
14 to the authority for it.

15 8. If a provision of this section is inconsistent with
16 another provision of law of this state governing lending
17 institutions, the provision of this section controls for the
18 purposes of this section.

19 Sec. 43. Section 16.40, subsection 3, Code 2014, is amended
20 to read as follows:

21 3. The authority may use moneys in the fund to provide
22 financial assistance to a housing sponsor or an individual in
23 the form of a loan, loan ~~guarantee~~ guaranty, grant, or interest
24 subsidy, or by other means under the general powers of the
25 authority.

26 Sec. 44. NEW SECTION. 16.46 Senior living revolving loan
27 program fund.

28 1. A senior living revolving loan program fund is created
29 within the authority. The moneys in the senior living
30 revolving loan program fund shall be used by the authority for
31 the development and operation of a revolving loan program to
32 provide financing to construct affordable assisted living and
33 service-enriched affordable housing for seniors and persons
34 with disabilities, including through new construction or
35 acquisition and rehabilitation.

1 2. Moneys transferred by the authority for deposit in the
2 senior living revolving loan program fund, moneys appropriated
3 to the senior living revolving loan program, and any other
4 moneys available to and obtained or accepted by the authority
5 for placement in the senior living revolving loan program fund
6 shall be deposited in the fund. Additionally, payment of
7 interest, recaptures of awards, and other repayments to the
8 senior living revolving loan program fund shall be deposited
9 in the fund. Notwithstanding section 12C.7, subsection
10 2, interest or earnings on moneys in the senior living
11 revolving loan program fund shall be credited to the fund.
12 Notwithstanding section 8.33, moneys that remain unencumbered
13 or unobligated at the end of the fiscal year shall not
14 revert but shall remain available for the same purpose in the
15 succeeding fiscal year.

16 3. The authority shall annually allocate moneys available
17 in the senior living revolving loan program fund for the
18 development of affordable assisted living and service-enriched
19 affordable housing for seniors and persons with disabilities.
20 The authority shall develop a joint application process for
21 the allocation of federal low-income housing tax credits and
22 funds available under this section. Moneys allocated to
23 such developments may be in the form of loans, grants, or a
24 combination of loans and grants.

25 **Sec. 45. NEW SECTION. 16.47 Home and community-based**
26 **services revolving loan program fund.**

27 1. A home and community-based services revolving loan
28 program fund is created within the authority to further the
29 goals specified in section 231.3, adult day services, respite
30 services, congregate meals, health and wellness, health
31 screening, and nutritional assessments. The moneys in the home
32 and community-based services revolving loan program fund shall
33 be used by the authority for the development and operation
34 of a revolving loan program to develop and expand facilities
35 and infrastructure that provide adult day services, respite

1 services, congregate meals, and programming space for health
2 and wellness, health screening, and nutritional assessments
3 that address the needs of persons with low incomes.

4 2. Moneys transferred by the authority for deposit in the
5 home and community-based services revolving loan program fund,
6 moneys appropriated to the home and community-based services
7 revolving loan program, and any other moneys available to
8 and obtained or accepted by the authority for placement in
9 the home and community-based services revolving loan program
10 fund shall be deposited in the fund. Additionally, payment of
11 interest, recaptures of awards, and other repayments to the
12 home and community-based services revolving loan program fund
13 shall be deposited in the fund. Notwithstanding section 12C.7,
14 subsection 2, interest or earnings on moneys in the home and
15 community-based services revolving loan program fund shall be
16 credited to the fund. Notwithstanding section 8.33, moneys
17 that remain unencumbered or unobligated at the end of the
18 fiscal year shall not revert but shall remain available for the
19 same purpose in the succeeding fiscal year.

20 3. The authority, in cooperation with the department on
21 aging, shall annually allocate moneys available in the home
22 and community-based services revolving loan program fund to
23 develop and expand facilities and infrastructure that provide
24 adult day services, respite services, congregate meals, and
25 programming space for health and wellness, health screening,
26 and nutritional assessments that address the needs of persons
27 with low incomes.

28 Sec. 46. NEW SECTION. 16.48 Transitional housing revolving
29 loan program fund.

30 1. A transitional housing revolving loan program fund is
31 created within the authority to further the availability of
32 affordable housing for parents that are reuniting with their
33 children while completing or participating in substance abuse
34 treatment. The moneys in the fund are annually appropriated
35 to the authority to be used for the development and operation

1 of a revolving loan program to provide financing to construct
2 affordable transitional housing, including through new
3 construction or acquisition and rehabilitation of existing
4 housing. The housing provided shall be geographically located
5 in close proximity to licensed substance abuse treatment
6 programs. Preference in funding shall be given to projects
7 that reunite mothers with the mothers' children.

8 2. Moneys transferred by the authority for deposit in
9 the transitional housing revolving loan program fund, moneys
10 appropriated to the transitional housing revolving loan
11 program, and any other moneys available to and obtained or
12 accepted by the authority for placement in the fund shall be
13 deposited in the fund. Additionally, payment of interest,
14 recaptures of awards, and other repayments to the transitional
15 housing revolving loan program fund shall be credited to the
16 fund. Notwithstanding section 12C.7, subsection 2, interest or
17 earnings on moneys in the transitional housing revolving loan
18 program fund shall be credited to the fund. Notwithstanding
19 section 8.33, moneys that remain unencumbered or unobligated at
20 the close of the fiscal year shall not revert but shall remain
21 available for the same purpose in the succeeding fiscal year.

22 3. The authority shall annually allocate moneys available
23 in the transitional housing revolving loan program fund for
24 the development of affordable transitional housing for parents
25 that are reuniting with the parents' children while completing
26 or participating in substance abuse treatment. The authority
27 shall develop a joint application process for the allocation of
28 federal low-income housing tax credits and the funds available
29 under this section. Moneys allocated to such projects may be
30 in the form of loans, grants, or a combination of loans and
31 grants.

32 Sec. 47. NEW SECTION. **16.49 Community housing and services**
33 **for persons with disabilities revolving loan program fund.**

34 1. A community housing and services for persons with
35 disabilities revolving loan program fund is created within the

1 authority to further the availability of affordable housing and
2 supportive services for Medicaid waiver-eligible individuals
3 with behaviors that provide significant barriers to accessing
4 traditional rental and supportive services opportunities. The
5 moneys in the fund are annually appropriated to the authority
6 to be used for the development and operation of a revolving
7 loan program to provide financing to construct affordable
8 permanent supportive housing or develop infrastructure in
9 which to provide supportive services, including through new
10 construction, acquisition and rehabilitation of existing
11 housing or infrastructure, or conversion or adaptive reuse.

12 2. Moneys transferred by the authority for deposit in the
13 community housing and services for persons with disabilities
14 revolving loan program fund, moneys appropriated to the
15 community housing and services for persons with disabilities
16 revolving loan program, and any other moneys available to and
17 obtained or accepted by the authority for placement in the
18 fund shall be credited to the fund. Additionally, payment of
19 interest, recaptures of awards, and other repayments to the
20 community housing and services for persons with disabilities
21 revolving loan program fund shall be credited to the fund.
22 Notwithstanding section 12C.7, subsection 2, interest or
23 earnings on moneys in the fund shall be credited to the fund.
24 Notwithstanding section 8.33, moneys credited to the fund from
25 any other fund that remain unencumbered or unobligated at the
26 close of the fiscal year shall not revert to the other fund.

27 3. a. The authority shall annually allocate moneys
28 available in the fund for the development of permanent
29 supportive housing for Medicaid waiver-eligible individuals.
30 The authority shall develop a joint application process for the
31 allocation of United States housing and urban development HOME
32 investment partnerships program funding and the funds available
33 under this section. Moneys allocated to such projects may be
34 in the form of loans, forgivable loans, or a combination of
35 loans and forgivable loans.

1 *b.* The authority shall annually allocate moneys available
2 in the fund for the development of infrastructure in which
3 to provide supportive services for Medicaid waiver-eligible
4 individuals who meet the psychiatric medical institution for
5 children level of care. Moneys allocated to such projects may
6 be in the form of loans, forgivable loans, or a combination of
7 loans and forgivable loans.

8 4. *a.* A project shall demonstrate written approval of the
9 project by the department of human services to the authority
10 prior to application for funding under this section.

11 *b.* In order to be approved by the department of human
12 services for application for funding for development of
13 permanent supportive housing under this section, a project
14 shall include all of the following components:

15 (1) Provision of services to any of the following Medicaid
16 waiver-eligible individuals:

17 (a) Individuals who are currently underserved in community
18 placements, including individuals who are physically aggressive
19 or have behaviors that are difficult to manage or individuals
20 who meet the psychiatric medical institution for children level
21 of care.

22 (b) Individuals who are currently residing in out-of-state
23 facilities.

24 (c) Individuals who are currently receiving care in a
25 licensed health care facility.

26 (2) A plan to provide each individual with crisis
27 stabilization services to ensure that the individual's
28 behavioral issues are appropriately addressed by the provider.

29 (3) Policies and procedures that prohibit discharge of the
30 individual from the waiver services provided by the project
31 provider unless an alternative placement that is acceptable to
32 the client or the client's guardian is identified.

33 *c.* In order to be approved by the department of human
34 services for application for funding for development of
35 infrastructure in which to provide supportive services under

1 this section, a project shall include all of the following
2 components:

3 (1) Provision of services to Medicaid waiver-eligible
4 individuals who meet the psychiatric medical institution for
5 children level of care.

6 (2) Policies and procedures that prohibit discharge of the
7 individual from the waiver services provided by the project
8 provider unless an alternative placement that is acceptable to
9 the client or the client's guardian is identified.

10 d. Housing provided through a project under this section is
11 exempt from the requirements of chapter 1350.

12 Sec. 48. NEW SECTION. 16.50 Workforce housing assistance
13 grant fund.

14 1. A workforce housing assistance grant fund is created
15 under the authority of the Iowa finance authority. The fund
16 shall consist of appropriations made to the fund. The fund
17 shall be separate from the general fund of the state and the
18 balance in the fund shall not be considered part of the balance
19 of the general fund of the state. However, the fund shall be
20 considered a special account for the purposes of section 8.53,
21 relating to generally accepted accounting principles.

22 2. Notwithstanding section 12C.7, subsection 2, interest or
23 earnings on moneys in the fund shall be credited to the fund.

24 3. a. Moneys in the fund in a fiscal year are appropriated
25 to the Iowa finance authority to be used for grants for
26 projects that create workforce housing or for projects that
27 include adaptive reuse of buildings for workforce housing. For
28 purposes of this section, "workforce housing" means housing that
29 is affordable for a household whose income does not exceed one
30 hundred twenty percent of the median income for the area.

31 b. Priority shall be given to the following types of
32 projects:

33 (1) Projects that are eligible for historic preservation
34 and cultural and entertainment district tax credits under
35 section 404A.1.

1 (2) Projects for the construction of new single-family
2 dwellings that incorporate one or more energy-efficient
3 measures. The authority shall by rule identify the types of
4 energy-efficient measures that will qualify a project for
5 priority under this subparagraph.

6 (3) Projects that utilize new markets tax credits,
7 established under the federal Community Renewal Tax Relief Act
8 of 2000, Pub. L. No. 106-554, 114 Stat. 2763A, and undertaken
9 by a qualified community development entity, as defined in the
10 federal Act.

11 (4) Projects that are located in an area where other state
12 funding has been used to support the creation of new jobs.

13 c. In any fiscal year, an area shall not receive grants
14 totaling more than twenty-five percent of the moneys expended
15 from the fund in that fiscal year. For purposes of this
16 paragraph, "area" means the same area used to determine the
17 median income under paragraph "a".

18 4. Annually, on or before January 15 of each year, the
19 authority shall report to the legislative services agency and
20 the department of management the status of all projects that
21 received moneys from the workforce housing assistance grant
22 fund. The report shall include a description of each project,
23 the progress of work completed, the total estimated cost of
24 each project, a list of all revenue sources being used to fund
25 each project, the amount of funds expended, the amount of
26 funds obligated, and the date each project was completed or an
27 estimated completion date of each project, where applicable.

28 5. Payment of moneys from appropriations from the fund shall
29 be made in a manner that does not adversely affect the tax
30 exempt status of any outstanding bonds issued by the treasurer
31 of state pursuant to section 12.87.

32 **Sec. 49. NEW SECTION. 16.55 Solar and renewable energy**
33 **systems loans.**

34 The authority may make loans to lending institutions or
35 purchase loans from lending institutions under part 3 to be

1 used to finance property improvement loans for solar and other
2 renewable energy systems. These loans shall be limited to low
3 or moderate income families.

4 Sec. 50. NEW SECTION. 16.56 Jumpstart housing assistance
5 program.

6 1. As used in this section, unless the context otherwise
7 requires:

8 a. "*Disaster-affected home*" means a primary residence that
9 was destroyed or damaged due to a natural disaster occurring
10 after May 24, 2008, and before August 14, 2008.

11 b. "*Local government participant*" means the cities of Ames,
12 Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des
13 Moines, Dubuque, Iowa City, Waterloo, and West Des Moines; a
14 council of governments whose territory includes at least one
15 county that was declared a disaster area by the president
16 of the United States after May 24, 2008, and before August
17 14, 2008; and any county that is not part of any council of
18 governments and was declared a disaster area by the president
19 of the United States after May 24, 2008, and before August 14,
20 2008.

21 2. The Iowa finance authority shall establish and
22 administer a jumpstart housing assistance program. Under
23 the program, the authority shall provide grants to local
24 government participants for purposes of distributing the moneys
25 to eligible residents for eligible purposes which relate to
26 disaster-affected homes.

27 3. An eligible resident is a person residing in a
28 disaster-affected home who is the owner of record of a right,
29 title, or interest in the disaster-affected home and who has
30 been approved by the federal emergency management agency for
31 housing assistance. An eligible resident must have a family
32 income equal to or less than one hundred fifty percent of the
33 area median family income.

34 4. Eligible purposes include forgivable loans for down
35 payment assistance, emergency housing repair or rehabilitation,

1 and interim mortgage assistance. An eligible resident who
2 receives a forgivable loan may also receive energy efficiency
3 assistance which shall be added to the principal of the
4 forgivable loan.

5 5. A local government participant may retain a portion of
6 the grant moneys for administrative purposes as provided in a
7 grant agreement between the authority and the local government
8 participant.

9 6. Any money paid to a local government participant by
10 an eligible resident shall be remitted to the authority for
11 deposit in the housing assistance fund created in section
12 16.40.

13 7. As determined by the authority, unused or unobligated
14 moneys may be reclaimed and reallocated by the authority to
15 other local government participants.

16 Sec. 51. NEW SECTION. 16.57 Residential treatment
17 facilities.

18 1. The authority may issue its bonds and notes and loan the
19 proceeds of the bonds or notes to a nonprofit corporation for
20 the purpose of financing the acquisition or construction of
21 residential housing or treatment facilities serving juveniles
22 or persons with disabilities.

23 2. The authority may enter into a loan agreement with
24 a nonprofit corporation for the purpose of financing the
25 acquisition or construction of residential housing or treatment
26 facilities serving juveniles or persons with disabilities and
27 shall provide for payment of the loan and security for the loan
28 as the authority deems advisable.

29 3. In the resolution authorizing the issuance of the
30 bonds or notes pursuant to this section, the authority may
31 provide that the related principal and interest are limited
32 obligations payable solely out of the revenues derived from the
33 debt obligation, collateral, or other security furnished by or
34 on behalf of the nonprofit corporation, and the principal or
35 interest does not constitute an indebtedness of the authority

1 or a charge against the authority's general credit or general
2 fund.

3 4. The powers granted the authority under this section are
4 in addition to the authority's other powers under this chapter.
5 All other provisions of this chapter, except section 16.28,
6 subsection 4, apply to bonds or notes issued pursuant to, and
7 powers granted to the authority under this section, except to
8 the extent the provisions are inconsistent with this section.

9 Sec. 52. NEW SECTION. 16.58 **Definitions.**

10 As used in this subchapter, unless the context otherwise
11 requires:

12 1. "*Agricultural assets*" means agricultural land,
13 depreciable agricultural property, crops, or livestock.

14 2. "*Agricultural improvements*" means any improvements,
15 buildings, structures, or fixtures suitable for use in farming
16 which are located on agricultural land.

17 3. "*Agricultural land*" means land suitable for use in
18 farming.

19 4. "*Agricultural producer*" means a person that engages
20 or wishes to engage or intends to engage in the business of
21 producing and marketing agricultural produce in this state.

22 5. "*Bankhead-Jones Farm Tenant Act*" means the Act cited as
23 50 Stat. 522 (1937), formerly codified as 7 U.S.C. §1000 et
24 seq., repealed by Pub. L. No. 87-128 (1961).

25 6. "*Beginning farmer*" means an individual, partnership,
26 family farm corporation, or family farm limited liability
27 company, with a low or moderate net worth that engages in
28 farming or wishes to engage in farming.

29 7. "*Beginning farmer tax credit program*" means all of the
30 following:

31 a. The agricultural assets transfer tax credit as provided
32 in section 16.80.

33 b. The custom farming contract tax credit as provided in
34 section 16.81.

35 8. "*Family farm corporation*" means the same as defined in

1 section 9H.1.

2 9. "*Family farm limited liability company*" means the same as
3 defined in section 9H.1.

4 10. "*Farming*" means the cultivation of land for the
5 production of agricultural crops, the raising of poultry, the
6 production of eggs, the production of milk, the production of
7 fruit or other horticultural crops, grazing, the production of
8 livestock, aquaculture, hydroponics, the production of forest
9 products, or other activities designated by the authority by
10 rules subject to chapter 17A.

11 11. "*Low or moderate net worth*" means a net worth that does
12 not exceed the maximum allowable net worth established by the
13 authority. The authority shall establish the maximum allowable
14 net worth in accordance with the prices paid by farmers index
15 as compiled by the United States department of agriculture.

16 12. "*Production item*" includes tools, machinery, or
17 equipment principally used to produce crops or livestock.

18 13. "*Qualified beginning farmer*" means a beginning farmer
19 who meets the requirements to participate in a beginning farmer
20 tax credit program as provided in part 5, subpart B.

21 Sec. 53. NEW SECTION. 16.59 **Special financing —**
22 **calculations.**

23 A low or moderate net worth requirement provided in this
24 subchapter applies to an individual, partnership, family farm
25 corporation, or family farm limited liability company. The
26 requirement as applied to each such person is calculated as
27 follows:

28 1. For an individual, an aggregate net worth of the
29 individual and the individual's spouse and minor children not
30 greater than the low or moderate net worth.

31 2. For a partnership, an aggregate net worth of all
32 partners, including each partner's net capital in the
33 partnership, and each partner's spouse and minor children not
34 greater than twice the low or moderate net worth. However, the
35 aggregate net worth of each partner and that partner's spouse

1 and minor children shall not exceed the low or moderate net
2 worth.

3 3. For a family farm corporation, an aggregate net worth
4 of all shareholders, including the value of each shareholder's
5 share in the family farm corporation, and each shareholder's
6 spouse and minor children not greater than twice the low or
7 moderate net worth. However, the aggregate net worth of each
8 shareholder and that shareholder's spouse and minor children
9 shall not exceed the low or moderate net worth.

10 4. For a family farm limited liability company, an aggregate
11 net worth of all members, including each member's ownership
12 interest in the family farm limited liability company, and each
13 member's spouse and minor children of not greater than the low
14 or moderate net worth. However, the aggregate net worth of
15 each member and that member's spouse and minor children shall
16 not exceed the low or moderate net worth.

17 Sec. 54. NEW SECTION. 16.60 **Combination programs.**

18 Programs authorized in this subchapter may be combined with
19 any other programs authorized in this chapter or any other
20 public or private programs.

21 Sec. 55. NEW SECTION. 16.62 **Trust assets.**

22 The authority shall make application to and receive from the
23 United States secretary of agriculture, or any other proper
24 federal official, pursuant and subject to the provisions of
25 Pub. L. No. 81-499, 64 Stat. 152 (1950), formerly codified at
26 40 U.S.C. §440 et seq. (1976), all of the trust assets held by
27 the United States in trust for the Iowa rural rehabilitation
28 corporation now dissolved.

29 Sec. 56. NEW SECTION. 16.63 **Agreements.**

30 The authority may enter into agreements with the United
31 States secretary of agriculture pursuant to Pub. L. No. 81-499
32 §2(f) (1950) upon terms and conditions and for periods of
33 time as mutually agreeable, authorizing the authority to
34 accept, administer, expend, and use in the state of Iowa all
35 or any part of the trust assets or other funds in the state

1 of Iowa which have been appropriated for use in carrying out
2 the purposes of the Bankhead-Jones Farm Tenant Act and to do
3 any and all things necessary to effectuate and carry out the
4 purposes of such agreements.

5 Sec. 57. NEW SECTION. **16.64 Bonds and notes — tax**
6 **exemption.**

7 1. An action shall not be brought questioning the legality
8 of any bonds or notes or the power of the authority to issue
9 any bonds or notes or to the legality of any proceedings in
10 connection with the authorization or issuance of the bonds or
11 notes after determination by the board of the authority to
12 proceed with the issuance of the bonds or notes sixty days from
13 the date of publication of the notice.

14 2. Bonds and notes issued by the authority for purposes of
15 financing the beginning farmer loan program provided in section
16 16.75 are exempt from taxation by the state, and interest
17 earned on the bonds and notes is deductible in determining
18 net income for purposes of the state individual and corporate
19 income tax under divisions II and III of chapter 422.

20 Sec. 58. NEW SECTION. **16.70 Loans to lending institutions.**

21 1. The authority may make and contract to make loans to
22 lending institutions on terms and conditions the authority
23 determines are reasonably related to protecting the security of
24 the authority's investment and to implementing the purposes of
25 this subchapter. Lending institutions are authorized to borrow
26 from the authority in accordance with the provisions of this
27 section and the rules of the authority.

28 2. The authority shall require as a condition of each loan
29 to a lending institution that the lending institution, within
30 a reasonable period after receipt of the loan proceeds as the
31 authority prescribes by rule, shall have entered into written
32 commitments to make and, within a reasonable period thereafter
33 as the authority prescribes by rule, shall have disbursed the
34 loan proceeds in new mortgage or secured loans to beginning
35 farmers in an aggregate principal amount of not less than the

1 amount of the loan. New mortgage or secured loans shall have
2 terms and conditions as the authority prescribes by rules which
3 are reasonably related to implementing the purposes of this
4 subchapter as provided in subchapter III.

5 3. The authority shall require the submission by each
6 lending institution to which the authority has made a loan, of
7 evidence satisfactory to the authority of the making of new
8 mortgage or secured loans to beginning farmers as required by
9 this section, and in that connection may, through its members,
10 employees, or agents, inspect the books and records of a
11 lending institution.

12 4. Compliance by a lending institution with the terms of
13 its agreement with the authority with respect to the making
14 of new mortgage or secured loans to beginning farmers may be
15 enforced by decree of any district court of this state. The
16 authority may require as a condition of a loan to a national
17 banking association or a federally chartered savings and loan
18 association, the consent of the association to the jurisdiction
19 of the courts of this state over any enforcement proceeding.
20 The authority may also require, as a condition of a loan to
21 a lending institution, agreement by the lending institution
22 to the payment of penalties to the authority for violation by
23 the lending institution of its agreement with the authority,
24 and the penalties shall be recoverable at the suit of the
25 authority.

26 5. The authority shall require that each lending
27 institution receiving a loan pursuant to this section shall
28 issue and deliver to the authority evidence of its indebtedness
29 to the authority which shall constitute a general obligation
30 of the lending institution and shall bear a date, mature at a
31 time, be subject to prepayment, and contain other provisions
32 consistent with this section and reasonably related to
33 protecting the security of the authority's investment, as the
34 authority determines.

35 6. Notwithstanding any other provision of this section, the

1 interest rate and other terms of loans to lending institutions
2 made from the proceeds of an issue of bonds or notes of the
3 authority shall be at least sufficient to assure the payment of
4 the bonds or notes and the interest on them as they become due.

5 7. The authority may require that loans to lending
6 institutions are additionally secured as to payment of both
7 principal and interest by a pledge of and lien upon collateral
8 security by special escrow funds or other forms of guaranty and
9 in amounts and forms as the authority by resolution determines
10 to be necessary to assure the payment of the loans and the
11 interest as they become due. Collateral security shall consist
12 of direct obligations of or obligations guaranteed by the
13 United States or one of its agencies, obligations satisfactory
14 to the authority which are issued by other federal agencies,
15 direct obligations of or obligations guaranteed by a state
16 or a political subdivision of a state, or investment quality
17 obligations approved by the authority.

18 8. The authority may require that collateral for loans
19 be deposited with a bank, trust company, or other financial
20 institution acceptable to the authority located in this state
21 and designated by the authority as custodian. In the absence
22 of that requirement, each lending institution shall enter
23 into an agreement with the authority containing provisions
24 the authority deems necessary to adequately identify and
25 maintain the collateral, service the collateral and require the
26 lending institution to hold the collateral as an agent for the
27 authority, and be accountable to the authority as the trustee
28 of an express trust for the application and disposition of the
29 collateral and the income from it. The authority may also
30 establish additional requirements the authority deems necessary
31 with respect to the pledging, assigning, setting aside, or
32 holding of collateral and the making of substitutions for it or
33 additions to it and the disposition of income and receipts from
34 it.

35 9. The authority may require as a condition of loans to

1 lending institutions any representations and warranties the
2 authority determines are necessary to secure the loans and
3 carry out the purposes of this section.

4 10. The authority may require the beginning farmer to
5 satisfy conditions and requirements normally imposed by lending
6 institutions in making similar loans, including but not limited
7 to the purchase of capital stock in the federal land bank.

8 11. If a provision of this section is inconsistent with a
9 provision of law of this state governing lending institutions,
10 the provision of this section controls for the purposes of this
11 section.

12 Sec. 59. NEW SECTION. 16.71 **Purchase of loans.**

13 1. The authority may purchase and make advance commitments
14 to purchase mortgage or secured loans from lending institutions
15 at prices and upon terms and conditions as the authority
16 determines. However, the total purchase price for all mortgage
17 or secured loans which the authority commits to purchase from a
18 lending institution at any one time shall not exceed the total
19 of the unpaid principal balances of the mortgage or secured
20 loans purchased. Lending institutions are authorized to sell
21 mortgage or secured loans to the authority in accordance with
22 the provisions of this section and the rules of the authority.

23 2. The authority shall require as a condition of purchase
24 of mortgage or secured loans from lending institutions that
25 the lending institutions certify that the mortgage or secured
26 loans purchased are loans made to beginning farmers. Mortgage
27 or secured loans to be made by lending institutions shall have
28 terms and conditions as the authority prescribes by rule.
29 The authority may make a commitment to purchase mortgage or
30 secured loans from lending institutions in advance of the time
31 the loans are made by lending institutions. The authority
32 shall require as a condition of a commitment that lending
33 institutions certify in writing that all mortgage or secured
34 loans represented by the commitment will be made to beginning
35 farmers and that the lending institution will comply with other

1 authority specifications.

2 3. The authority shall require the submission to it by each
3 lending institution from which the authority has purchased
4 loans of evidence satisfactory to the authority of the making
5 of mortgage or secured loans to beginning farmers as required
6 by this section and in that connection may, through its
7 members, employees, or agents, inspect the books and records of
8 a lending institution.

9 4. Compliance by a lending institution with the terms of
10 its agreement with the authority with respect to the making
11 of mortgage or secured loans to beginning farmers may be
12 enforced by decree of any district court of this state. The
13 authority may require as a condition of purchase of mortgage
14 or secured loans from any national banking association or
15 federally chartered savings and loan association the consent
16 of the association to the jurisdiction of the courts of this
17 state over any enforcement proceeding. The authority may also
18 require as a condition of the purchase of mortgage or secured
19 loans from a lending institution agreement by the lending
20 institution to the payment of penalties to the authority for
21 violation by the lending institution of its agreement with the
22 authority and the penalties shall be recoverable at the suit
23 of the authority.

24 5. The authority may require as a condition of purchase of
25 a mortgage or secured loan from a lending institution that the
26 lending institution make representations and warranties the
27 authority requires. A lending institution is liable to the
28 authority for damages suffered by the authority by reason of
29 the untruth of a representation or the breach of a warranty
30 and, in the event that a representation proves to be untrue
31 when made or in the event of a breach of warranty, the lending
32 institution shall, at the option of the authority, repurchase
33 the mortgage or secured loan for the original purchase price
34 adjusted for amounts subsequently paid on it, as the authority
35 determines.

1 6. The authority shall require the recording of an
2 assignment of a mortgage loan purchased by the authority
3 from a lending institution and is not required to notify the
4 mortgagor of the authority's purchase of the mortgage loan.
5 The authority is not required to inspect or take possession
6 of the mortgage documents if the lending institution from
7 which the mortgage loan is purchased enters into a contract to
8 service the mortgage loan and account to the authority for it.

9 7. If a provision of this section is inconsistent with
10 another provision of law of this state governing lending
11 institutions, the provision of this section controls for the
12 purposes of this section.

13 Sec. 60. NEW SECTION. 16.75 **Beginning farmer loan program.**

14 1. The authority shall develop a beginning farmer loan
15 program to facilitate the acquisition of agricultural land and
16 improvements and depreciable agricultural property by beginning
17 farmers. The authority shall exercise the powers granted to
18 the authority in this chapter in order to fulfill the goal of
19 providing financial assistance to beginning farmers in the
20 acquisition of agricultural land and agricultural improvements
21 and depreciable agricultural property. The authority may
22 participate in and cooperate with programs of the United States
23 department of agriculture consolidated farm service agency,
24 federal land bank, or any other agency or instrumentality of
25 the federal government or with any program of any other state
26 agency in the administration of the beginning farmer loan
27 program and in the making of loans or purchasing of mortgage or
28 secured loans pursuant to this subchapter.

29 2. The authority may participate in any federal programs
30 designed to assist beginning farmers or in any related federal
31 or state programs.

32 3. The authority shall provide in a beginning farmer loan
33 program that a loan to or on behalf of a beginning farmer shall
34 be provided only if the following criteria are satisfied:

35 a. The beginning farmer is a resident of the state.

1 *b.* The agricultural land and agricultural improvements or
2 depreciable agricultural property the beginning farmer proposes
3 to purchase will be located in the state.

4 *c.* The beginning farmer has sufficient education, training,
5 or experience in the type of farming for which the beginning
6 farmer requests the loan.

7 *d.* If the loan is for the acquisition of agricultural
8 land, the beginning farmer has or will have access to adequate
9 working capital, farm equipment, machinery, or livestock. If
10 the loan is for the acquisition of depreciable agricultural
11 property, the beginning farmer has or will have access to
12 adequate working capital or agricultural land.

13 *e.* The beginning farmer shall materially and substantially
14 participate in farming.

15 *f.* The agricultural land and agricultural improvements shall
16 only be used for farming by the beginning farmer, the beginning
17 farmer's spouse, or the beginning farmer's minor children.

18 *g.* Other criteria as the authority prescribes by rule.

19 4. The authority may provide in a loan made or purchased
20 pursuant to this subchapter that the loan shall not be assumed
21 or any interest in the agricultural land or improvements or
22 depreciable agricultural property may not be leased, sold, or
23 otherwise conveyed without its prior written consent and may
24 provide a due-on-sale clause with respect to the occurrence
25 of any of the foregoing events without its prior written
26 consent. The authority may provide by rule the grounds for
27 permitted assumptions of a mortgage or for the leasing, sale,
28 or other conveyance of any interest in the agricultural land
29 or improvements. However, the authority shall provide and
30 state in a loan that the authority has the power to raise the
31 interest rate of the loan to the prevailing market rate if
32 the loan is assumed by a farmer who is already established in
33 that field at the time of the assumption of the loan. This
34 provision controls with respect to a loan made or purchased
35 pursuant to this subchapter notwithstanding the provisions of

1 chapter 535.

2 5. The authority may participate in any interest in any
3 loan made or purchased pursuant to this subchapter with a
4 lending institution. The participation interest may be on a
5 parity with the interest in the loan retained by the authority,
6 equally and ratably secured by a mortgage or security agreement
7 securing the loan.

8 Sec. 61. NEW SECTION. **16.76 Loans to beginning farmers.**

9 1. As used in this section, "loan" includes financing
10 pursuant to an installment contract or contract for purchase
11 arrangement.

12 2. The authority may make loans, including but not limited
13 to mortgage or secured loans, or loans insured, guaranteed,
14 or otherwise secured by the federal government or a federal
15 governmental agency or instrumentality, or a state agency or
16 private mortgage insurers, to beginning farmers to provide
17 financing for agricultural land and agricultural improvements
18 or depreciable agricultural property.

19 3. A loan shall contain terms and provisions, including
20 interest rates, and be in a form established by rules of the
21 authority. The authority may require the beginning farmer
22 to execute a note, loan, or financing agreement, or other
23 evidence of indebtedness and furnish additional assurances
24 and guaranties, including insurance, reasonably related to
25 protecting the security of the loan, as the authority deems
26 necessary.

27 Sec. 62. NEW SECTION. **16.78 Administration of beginning
28 farmer tax credit program.**

29 1. To every extent practicable, the authority shall
30 administer tax credits under the beginning farmer tax credit
31 program in a uniform manner that encourages participation by
32 qualified beginning farmers. The authority shall determine a
33 qualified beginning farmer's low or moderate net worth by using
34 a single method applicable to all its programs, including the
35 beginning farmer tax credit program.

1 2. The authority shall establish a due date to receive
2 applications to participate in the beginning farmer tax credit
3 program. The authority may establish different due dates for
4 applications to qualify for each beginning farmer tax credit.

5 3. The department of revenue shall cooperate with the
6 authority in administering the beginning farmer tax credit
7 program.

8 Sec. 63. NEW SECTION. **16.79 Criteria for beginning farmers**
9 **qualifying to participate in the beginning farmer tax credit**
10 **program.**

11 A beginning farmer qualifies to participate in the beginning
12 farmer tax credit program as provided in this subchapter by
13 meeting all of the following criteria:

14 1. Is a resident of the state. If the beginning farmer is a
15 partnership, all partners must be residents of the state. If a
16 beginning farmer is a family farm corporation, all shareholders
17 must be residents of the state. If the beginning farmer is
18 a family farm limited liability company, all members must be
19 residents of the state.

20 2. Has sufficient education, training, or experience in
21 farming. If the beginning farmer is a partnership, each
22 partner who is not a minor must have sufficient education,
23 training, or experience in farming. If the beginning farmer
24 is a family farm corporation, each shareholder who is not a
25 minor must have sufficient education, training, or experience
26 in farming. If the beginning farmer is a family farm limited
27 liability company, each member who is not a minor must have
28 sufficient education, training, or experience in farming.

29 3. Has access to adequate working capital and production
30 items.

31 4. Will materially and substantially participate in
32 farming. If the beginning farmer is a partnership, family
33 farm corporation, or family farm limited liability company,
34 each partner, shareholder, or member who is not a minor must
35 materially and substantially participate in farming.

1 5. Is not responsible for managing or maintaining
2 agricultural land and other agricultural assets that are
3 greater than necessary to adequately support a beginning farmer
4 as determined by the authority according to rules which shall
5 be adopted by the authority.

6 Sec. 64. NEW SECTION. 16.80 **Agricultural assets transfer**
7 **tax credit — agreement.**

8 1. An agricultural assets transfer tax credit is allowed
9 under this section. The tax credit is allowed against the
10 taxes imposed in chapter 422, division II, as provided in
11 section 422.11M, and in chapter 422, division III, as provided
12 in section 422.33, to facilitate the transfer of agricultural
13 assets from a taxpayer to a qualified beginning farmer.

14 2. In order to qualify for the tax credit, the taxpayer
15 must meet qualifications established by rules adopted by the
16 authority. At a minimum, the taxpayer must comply with all of
17 the following:

18 a. Be a person who may acquire or otherwise obtain or lease
19 agricultural land in this state pursuant to chapter 9H or 9I.
20 However, the taxpayer must not be a person who may acquire
21 or otherwise obtain or lease agricultural land exclusively
22 because of an exception provided in one of those chapters or in
23 a provision of another chapter of this Code including but not
24 limited to chapter 10, 10D, or 501, or section 15E.207.

25 b. Execute an agricultural assets transfer agreement with a
26 qualified beginning farmer as provided in this section.

27 3. An individual may claim a tax credit under this section
28 of a partnership, limited liability company, S corporation,
29 estate, or trust electing to have income taxed directly to
30 the individual. The amount claimed by the individual shall
31 be based upon the pro rata share of the individual's earnings
32 from the partnership, limited liability company, S corporation,
33 estate, or trust.

34 4. The tax credit is allowed only for agricultural assets
35 that are subject to an agricultural assets transfer agreement.

1 The agreement shall provide for the lease of agricultural land
2 located in this state, including any improvements and may
3 provide for the rental of agricultural equipment as defined in
4 section 322F.1.

5 *a.* The agreement shall include a lease made on a cash basis
6 or on a commodity share basis which includes a share of the
7 crops or livestock produced on the agricultural land. The
8 agreement must be in writing.

9 *b.* The agreement shall be for at least two years, but
10 not more than five years. The agreement or that part of
11 the agreement providing for the lease may be renewed by the
12 qualified beginning farmer for a term of at least two years,
13 but not more than five years. An agreement does not include a
14 lease or the rental of equipment intended as a security.

15 *c.* The agricultural transfer agreement cannot be assigned
16 and the land subject to the agreement cannot be subleased.

17 5. The tax credit shall be based on the agricultural assets
18 transfer agreement. The agreement shall be based on a cash
19 basis or a commodity share basis or both.

20 *a.* For an agreement that includes a lease on a cash basis,
21 the tax credit shall be computed as follows:

22 (1) If the qualified beginning farmer is not a veteran, the
23 taxpayer may claim a tax credit equal to seven percent of the
24 gross amount paid to the taxpayer under the agreement for each
25 tax year that the tax credit is allowed.

26 (2) If the qualified beginning farmer is a veteran, the
27 taxpayer may claim eight percent of the gross amount paid to
28 the taxpayer under the agreement for the first year that the
29 tax credit is allowed and seven percent of the gross amount
30 paid to the taxpayer for each subsequent tax year that the
31 tax credit is allowed. However, the taxpayer may only claim
32 seven percent of the gross amount paid to the taxpayer under
33 a renewed agreement or a new agreement executed by the same
34 parties.

35 *b.* For an agreement that includes a lease on a commodity

1 share basis, the tax credit shall be computed as follows:

2 (1) (a) If the qualified beginning farmer is not a veteran,
3 the taxpayer may claim a tax credit equal to seventeen percent
4 of the amount paid to the taxpayer from crops or animals sold
5 under the agreement in which the payment is exclusively made
6 from the sale of crops or animals.

7 (b) If the qualified beginning farmer is a veteran, the
8 taxpayer may claim a tax credit equal to eighteen percent of
9 the amount paid to the taxpayer from crops or animals sold
10 under the agreement for the first tax year that the taxpayer
11 is allowed the tax credit and seventeen percent of the amount
12 paid to the taxpayer for each subsequent tax year that the
13 taxpayer is allowed the tax credit. However, the taxpayer may
14 only claim seventeen percent of the amount paid to the taxpayer
15 from crops or animals sold for any tax year under a renewed
16 agreement or a new agreement executed by the same parties.

17 (2) Notwithstanding subparagraph (1), the authority may
18 elect an alternative method to compute a tax credit for a lease
19 based on a crop share basis. The alternative method shall
20 utilize a formula which uses data compiled by the United States
21 department of agriculture. The formula shall calculate the
22 amount of the tax credit by multiplying the average per bushel
23 yield for the same type of grain as produced under the lease
24 in the same county where the leased land is located by a per
25 bushel state price established for such type of grain harvested
26 the previous fall.

27 6. A tax credit in excess of the taxpayer's liability for
28 the tax year may be credited to the tax liability for the
29 following five years or until depleted, whichever is earlier.
30 A tax credit shall not be carried back to a tax year prior to
31 the tax year in which the taxpayer redeems the tax credit. A
32 tax credit shall not be transferable to any other person other
33 than the taxpayer's estate or trust upon the taxpayer's death.

34 7. A taxpayer shall not claim a tax credit under this
35 section unless a tax credit certificate issued by the authority

1 is attached to the taxpayer's tax return for the tax year for
2 which the tax credit is claimed. The authority must review
3 and approve an application for a tax credit as provided by
4 rules adopted by the authority. The application must include
5 a copy of the agricultural assets transfer agreement. The
6 authority may approve an application and issue a tax credit
7 certificate to a taxpayer who has previously been allowed a
8 tax credit under this section. The authority may require
9 that the parties to an agricultural assets transfer agreement
10 provide additional information as determined relevant by the
11 authority. The authority shall review an application for
12 a tax credit which includes the renewal of an agricultural
13 assets transfer agreement to determine that the parties to the
14 renewed agreement meet the same qualifications as required for
15 an original application. The authority shall not approve an
16 application or issue a tax credit certificate to a taxpayer for
17 an amount in excess of fifty thousand dollars. In addition,
18 the authority shall not approve an application or issue a
19 certificate to a taxpayer if any of the following applies:
20 *a.* The taxpayer is at fault for terminating a prior
21 agricultural assets transfer agreement as determined by the
22 authority.
23 *b.* The taxpayer is any of the following:
24 (1) A party to a pending administrative or judicial action,
25 including a contested case proceeding under chapter 17A,
26 relating to an alleged violation involving an animal feeding
27 operation as regulated by the department of natural resources,
28 regardless of whether the pending action is brought by the
29 department or the attorney general.
30 (2) Classified as a habitual violator for a violation of
31 state law involving an animal feeding operation as regulated by
32 the department of natural resources.
33 *c.* The agricultural assets are being leased or rented at
34 a rate which is substantially higher or lower than the market
35 rate for similar agricultural assets leased or rented within

1 the same community, as determined by the authority.

2 8. A taxpayer or the qualified beginning farmer may
3 terminate an agricultural assets transfer agreement as provided
4 in the agreement or by law. The taxpayer must immediately
5 notify the authority of the termination.

6 a. If the authority determines that the taxpayer is not
7 at fault for the termination, the authority shall not issue a
8 tax credit certificate to the taxpayer for a subsequent tax
9 year based on the approved application. Any prior tax credit
10 is allowed as provided in this section. The taxpayer may
11 apply for and be issued another tax credit certificate for the
12 same agricultural assets as provided in this section for any
13 remaining tax years for which a certificate was not issued.

14 b. If the authority determines that the taxpayer is at fault
15 for the termination, any prior tax credit allowed under this
16 section is disallowed. The amount of the tax credit shall be
17 immediately due and payable to the department of revenue. If
18 a taxpayer does not immediately notify the authority of the
19 termination, the taxpayer shall be conclusively deemed at fault
20 for the termination.

21 Sec. 65. NEW SECTION. 16.81 Custom farming contract tax
22 credit.

23 1. A custom farming contract tax credit is allowed under
24 this section. The tax credit is allowed against the taxes
25 imposed in chapter 422, division II, as provided in section
26 422.11M, and in chapter 422, division III, as provided in
27 section 422.33, to encourage taxpayers who are considering
28 custom farming agricultural land located in this state to
29 negotiate with qualified beginning farmers.

30 2. In order to be eligible to claim a custom farming
31 contract tax credit, the taxpayer must meet qualifications
32 established by rules adopted by the authority. At a minimum,
33 the taxpayer must be a person who may acquire or otherwise
34 obtain or lease agricultural land in the same manner as
35 provided for a taxpayer claiming an agricultural assets

1 transfer tax credit under section 16.80.

2 3. An individual may claim a custom farming contract
3 tax credit of a partnership, limited liability company,
4 S corporation, estate, or trust electing to have income
5 taxed directly to the individual. The amount claimed by the
6 individual shall be based upon the pro rata share of the
7 individual's earnings from the partnership, limited liability
8 company, S corporation, estate, or trust.

9 4. A custom farming contract tax credit is allowed only for
10 the amount paid by the taxpayer to a qualified beginning farmer
11 under a custom farming contract as provided in rules adopted by
12 the department. The contract must provide for the production
13 of crops located on agricultural land or the production of
14 livestock principally located on agricultural land. The
15 agricultural land must be real estate and any improvements used
16 for farming in which the taxpayer holds a legal or equitable
17 interest.

18 5. The custom farming contract must provide that the
19 taxpayer pay the qualified beginning farmer on a cash basis.
20 The contract must be in writing for a term of not more than
21 twelve months. The total cash payment must equal at least one
22 thousand dollars.

23 6. The taxpayer must make all management decisions
24 substantially contributing to or affecting the production
25 of crops located on the agricultural land or the production
26 of livestock principally located on the agricultural land.
27 However, nothing in this subsection prohibits a qualified
28 beginning farmer from regularly or frequently taking part in
29 making day-to-day operational decisions affecting production.
30 The qualified beginning farmer must provide for all of the
31 following:

32 a. Production items principally used to produce crops
33 located on the agricultural land or to produce livestock
34 principally located on the agricultural land.

35 b. Labor principally used to produce crops located on the

1 agricultural land or to produce livestock principally located
2 on the agricultural land. The qualified beginning farmer must
3 personally provide such labor on a regular, continuous, and
4 substantial basis.

5 7. A custom farming contract tax credit is not allowed if
6 the taxpayer and qualified beginning farmer are related as any
7 of the following:

8 a. Persons who hold a legal or equitable interest in the
9 same agricultural land, including as individuals or as general
10 partners, limited partners, shareholders, or members in the
11 same business entity as defined in section 501A.102.

12 b. Family members related as spouse, child, stepchild,
13 brother, or sister.

14 c. Partners in the same partnership which holds agricultural
15 land, or shareholders in the same family farm corporation or
16 members in the same family farm limited liability company as
17 defined in section 9H.1.

18 8. A custom farming contract tax credit shall be calculated
19 based on the gross amount paid to the qualified beginning
20 farmer under the custom farming contract.

21 a. If the qualified beginning farmer is not a veteran, the
22 taxpayer may claim a tax credit equal to seven percent of the
23 gross amount paid to the qualified beginning farmer under the
24 contract for each tax year that the tax credit is allowed.

25 b. If the qualified beginning farmer is a veteran, the
26 taxpayer may claim a tax credit equal to eight percent of the
27 gross amount paid to the qualified beginning farmer under the
28 contract for the first year that the tax credit is allowed
29 and seven percent of the gross amount paid to the qualified
30 beginning farmer under the contract for each subsequent tax
31 year that the tax credit is allowed. However, the taxpayer
32 may only claim seven percent of the gross amount paid to the
33 qualified beginning farmer under a renewed contract or a new
34 contract executed by the same parties.

35 9. A custom farming contract tax credit in excess of the

1 taxpayer's liability for the tax year may be credited to the
2 tax liability for the following five years or until depleted,
3 whichever is earlier. A tax credit shall not be carried back
4 to a tax year prior to the tax year in which the taxpayer
5 redeems the tax credit. A tax credit shall not be transferable
6 to any other person other than the taxpayer's estate or trust
7 upon the taxpayer's death.

8 10. A taxpayer shall not claim a custom farming contract
9 tax credit unless a tax credit certificate issued by the
10 authority under this section is attached to the taxpayer's tax
11 return for the tax year for which the tax credit is claimed.
12 The authority must review and approve an application for a
13 tax credit certificate as provided by rules adopted by the
14 authority. The application must include a copy of the custom
15 farming contract. The authority may approve an application
16 and issue a tax credit certificate to a taxpayer who has
17 previously been allowed a tax credit under this section.
18 The authority may require that the parties to the contract
19 provide additional information as determined relevant by the
20 authority. The authority shall review an application for a tax
21 credit certificate which includes the renewal of a contract to
22 determine that the parties to the renewed contract meet the
23 same qualifications as required for an original application.
24 The authority shall not approve an application or issue a tax
25 credit certificate to a taxpayer for an amount in excess of
26 fifty thousand dollars. In addition, the authority shall not
27 approve an application or issue a tax credit certificate to a
28 taxpayer if any of the following applies:

29 a. The taxpayer is at fault for terminating another custom
30 farming contract, as determined by the authority.

31 b. The taxpayer is party to a pending administrative or
32 judicial action, or classified as a habitual violator in the
33 same manner as provided in section 16.80.

34 c. The contract amount is substantially higher or lower
35 than the market rate for a similar custom farming contract, as

1 determined by the authority.

2 11. A taxpayer or the qualified beginning farmer may
3 terminate a custom farming contract as provided in the contract
4 or by law. The taxpayer must immediately notify the authority
5 of the termination.

6 a. If the authority determines that the taxpayer is not
7 at fault for the termination, the authority shall not issue a
8 tax credit certificate to the taxpayer for a subsequent tax
9 year based on the approved application. Any prior tax credit
10 is allowed as provided in this section until its expiration.
11 The taxpayer may apply for and be issued another tax credit
12 certificate for the same agricultural land under a custom
13 farming contract with another qualified beginning farmer.

14 b. If the authority determines that the taxpayer is at fault
15 for the termination, any prior tax credit allowed under this
16 section is disallowed, and the amount of the tax credit shall
17 be immediately due and payable to the department of revenue.
18 If a taxpayer does not immediately notify the authority of the
19 termination, the taxpayer shall be conclusively deemed at fault
20 for the termination.

21 Sec. 66. NEW SECTION. 16.82 Tax credit certificates —
22 availability.

23 1. The amount of tax credits that may be issued to support
24 the beginning farmer tax credit program shall not in the
25 aggregate exceed twelve million dollars in any year. Of the
26 aggregate amount, eight million dollars is allocated to support
27 the agricultural assets transfer tax credit as provided in
28 section 16.80 and four million dollars is allocated to support
29 the custom farming contract tax credit as provided in section
30 16.81. However, the authority's board of directors may at
31 any time during the year adjust the allocation by adopting a
32 resolution.

33 2. The authority shall issue tax certificates to support
34 a beginning farmer tax credit on a first-come, first-served
35 basis.

1 Sec. 67. NEW SECTION. 16.83 **Additional loan program.**

2 1. The authority may enter into a loan agreement with a
3 beginning farmer to finance in whole or in part the acquisition
4 by construction or purchase of agricultural land, agricultural
5 improvements, or depreciable agricultural property. The
6 repayment obligation of the beginning farmer may be unsecured,
7 or may be secured by a mortgage or security agreement or by
8 other security as the authority deems advisable, and may
9 be evidenced by one or more notes of the beginning farmer.
10 The loan agreement may contain terms and conditions as the
11 authority deems advisable.

12 2. The authority may issue its bonds and notes for the
13 purposes set forth in subsection 1 and may enter into a lending
14 agreement or purchase agreement with one or more bondholders
15 or noteholders containing the terms and conditions of the
16 repayment of and the security for the bonds or notes. Bonds
17 and notes must be authorized by a resolution of the authority.
18 The authority and the bondholders or noteholders may enter into
19 an agreement to provide for any of the following:

20 *a.* That the proceeds of the bonds and notes and investments
21 thereon may be received, held, and disbursed by the bondholders
22 or noteholders, or by a trustee or agent designated by the
23 authority.

24 *b.* That the bondholders or noteholders or a trustee or agent
25 designated by the authority may collect, invest, and apply the
26 amounts payable under the loan agreement or any other security
27 instrument securing the debt obligation of the beginning
28 farmer.

29 *c.* That the bondholders or noteholders may enforce the
30 remedies provided in the loan agreement or security instrument
31 on their own behalf without the appointment or designation of
32 a trustee and if there is a default in the principal of or
33 interest on the bonds or notes or in the performance of any
34 agreement contained therein, the payment or performance may be
35 enforced in accordance with the provisions contained therein.

1 *d.* That if there is a default in the payment of the
2 principal or interest on a mortgage or security instrument
3 or a violation of an agreement contained in the mortgage or
4 security instrument, the mortgage or security instrument
5 may be foreclosed or enforced and any collateral sold under
6 proceedings or actions permitted by law and a trustee under the
7 mortgage or security agreement or the holder of any bonds or
8 notes secured thereby may become a purchaser if the trustee or
9 holder is the highest bidder.

10 *e.* Other terms and conditions.

11 3. The authority may provide in the resolution authorizing
12 the issuance of the bonds or notes that the principal and
13 interest shall be limited obligations payable solely out of the
14 revenues derived from the debt obligation, collateral, or other
15 security furnished by or on behalf of the beginning farmer,
16 and that the principal and interest does not constitute an
17 indebtedness of the authority or a charge against its general
18 credit or general fund.

19 4. The powers granted the authority under this section
20 are in addition to other powers granted to the authority
21 to administer this subchapter as provided in this chapter.
22 All other provisions of this chapter, except section 16.28,
23 subsection 4, apply to bonds or notes issued pursuant to and
24 powers granted to the authority under this section except to
25 the extent that they are inconsistent with this section.

26 Sec. 68. NEW SECTION. **16.84 Financial assistance for**
27 **agricultural producers.**

28 1. In addition to the other programs authorized pursuant
29 to this subchapter, the authority is authorized to provide
30 any type of economic assistance directly or indirectly to
31 agricultural producers, and may develop and implement programs
32 including but not limited to the making of loan guaranties,
33 interest buy-downs, grants, secured or unsecured direct
34 loans, secondary market purchases of loans or mortgages, loans
35 to lending institutions or other agricultural lenders as

1 designated by rule of the authority, or entities that provide
2 funds or credits to such lenders or institutions, to assist
3 agricultural producers within the state. The authority may
4 exercise any of the powers granted to the authority in this
5 chapter in order to fulfill the goal of providing financial
6 assistance to agricultural producers. The authority may
7 participate in and cooperate with programs of any agency or
8 instrumentality of the federal government or with programs of
9 any other state agency in the administration of the programs to
10 provide economic assistance to agricultural producers.

11 2. The authority shall provide in any program developed and
12 implemented pursuant to this section that assistance shall be
13 provided only if the following criteria are satisfied:

14 a. The agricultural producer is a resident of the state.

15 b. The agricultural producer's land and farm operations are
16 located within the state.

17 c. Based upon the agricultural producer's net worth, cash
18 flow, debt-to-asset ratio, and other criteria as prescribed by
19 rule of the authority, the authority determines that without
20 such assistance the agricultural producer could not reasonably
21 be expected to be able to obtain, retain, restructure, or
22 service loans or other financing for operating expenses, cash
23 flow requirements, or capital acquisition and maintenance upon
24 a reasonable and affordable basis.

25 d. Other criteria as the authority prescribes by rule.

26 3. The authority is granted all powers which are necessary
27 or useful to develop and implement programs and authorizations
28 pursuant to subsection 1. These powers include but are not
29 limited to:

30 a. All general and specific powers stated in subchapter IV
31 and this subchapter.

32 b. The power to make or enter into or to require the
33 making or entry into of agreements of any type, with or
34 by any person, that are necessary to effect the purposes
35 of this section. These agreements may include but are not

1 limited to contracts, notes, bonds, guaranties, mortgages,
2 loan agreements, trust indentures, reimbursement agreements,
3 letters of credit or other liquidity or credit enhancement
4 agreements, reserve agreements, loan or mortgage purchase
5 agreements, buy-down agreements, grants, collateral or security
6 agreements, insurance contracts, or other similar documents.
7 The agreements may contain any terms and conditions which the
8 authority determines are reasonably necessary or useful to
9 implement the purposes of this section or which are usually
10 included in agreements or documents between private or public
11 persons in similar transactions.

12 *c.* The power to require submission of evidence satisfactory
13 to the authority of the receipt by an agricultural producer
14 of the assistance intended under a program developed and
15 implemented pursuant to this section. In that connection,
16 the authority, through its members, employees, or agents,
17 may inspect the books and records of any person receiving or
18 involved in the provision of assistance in accordance with this
19 section.

20 *d.* The power to establish by rule appropriate enforcement
21 provisions in order to assure compliance with this section and
22 rules adopted pursuant to this section, to seek the enforcement
23 of such rules and the terms of any agreement or document by
24 decree of any court of competent jurisdiction, and to require
25 as a condition of providing assistance pursuant to this
26 section the consent of any person receiving or involved in the
27 provision of the assistance to the jurisdiction of the courts
28 of this state over any enforcement proceeding.

29 *e.* The power to require, as a condition of the provision
30 of assistance pursuant to this section, any representations
31 and warranties on the part of any person receiving or
32 involved in providing such assistance that the authority
33 determines are reasonably necessary or useful to carry out the
34 purposes of this section. A person receiving or involved in
35 providing assistance pursuant to this section is liable to the

1 authority for damages suffered by the authority by reason of a
2 misrepresentation or the breach of a warranty.

3 4. All persons, public and private, are authorized to
4 cooperate with the authority and to participate in the programs
5 developed and implemented pursuant to this section and in
6 accordance with the rules of the authority.

7 5. The powers granted the authority under this section
8 are in addition to other powers contained in this chapter.
9 All other provisions of this chapter, except section 16.28,
10 subsection 4, apply to bonds or notes issued pursuant to powers
11 granted to the authority under this section, to reserve funds,
12 to appropriations, and to the remedies of bondholders and
13 noteholders except to the extent that they are inconsistent
14 with this section.

15 Sec. 69. NEW SECTION. 16.90 Definition.

16 As used in this subchapter, unless the context otherwise
17 requires, "*title guaranty*" means a guaranty against loss or
18 damage caused by a defective title to real property.

19 Sec. 70. Section 16.91, subsection 1, Code 2014, is amended
20 to read as follows:

21 1. The authority through the Iowa title guaranty division
22 shall initiate and operate a program in which the division
23 shall offer guaranties of real property titles in this state.
24 The terms, conditions and form of the guaranty contract shall
25 be forms approved by the division board. The division shall
26 fix a charge for the guaranty in an amount sufficient to permit
27 the program to operate on a self-sustaining basis, including
28 payment of administrative costs and the maintenance of an
29 adequate reserve against claims under the title guaranty
30 program. A title guaranty fund is created in the office of
31 the treasurer of state. Funds collected under this program
32 shall be placed in the title guaranty fund and are available
33 to pay all claims, necessary reserves and all administrative
34 costs of the title guaranty program. Moneys in the fund shall
35 not revert to the general fund and interest on the moneys

1 in the fund shall be deposited in the housing trust fund
2 established in section 16.181 and shall not accrue to the
3 general fund. If the authority board in consultation with the
4 division board determines that there are surplus funds in the
5 title guaranty fund after providing for adequate reserves and
6 operating expenses of the division, the surplus funds shall be
7 transferred to the housing assistance fund created pursuant to
8 section 16.40.

9 Sec. 71. Section 16.92, subsection 1, paragraph c, Code
10 2014, is amended to read as follows:

11 c. "*Division*" means the Iowa title guaranty division in
12 the Iowa finance authority, the director of the division, or a
13 designee of the director.

14 Sec. 72. Section 16.93, subsection 1, unnumbered paragraph
15 1, Code 2014, is amended to read as follows:

16 The authority through the Iowa title guaranty division
17 may issue a closing protection letter to a person to whom a
18 proposed title guaranty is to be issued, upon the request of
19 the person, if the division issues a commitment for title
20 guaranty or title guaranty certificate. The closing protection
21 letter shall conform to the terms of coverage and form of the
22 instrument as approved by the division board and may indemnify
23 a person to whom a proposed title guaranty is to be issued
24 against loss of settlement funds due to only the following acts
25 of the division's named participating attorney, participating
26 abstractor, or closer:

27 Sec. 73. Section 16.102, Code 2014, is amended to read as
28 follows:

29 **16.102 Establishment of ~~bond bank~~ economic development**
30 **program — bonds and notes — projects.**

31 The authority may assist the development and expansion
32 of family farming, ~~soil conservation~~, housing, and business
33 in the state through the establishment of the ~~Iowa~~ economic
34 development ~~bond bank~~ program. The authority may issue its
35 bonds or notes, or series of bonds or notes for the purpose of

1 defraying the cost of one or more projects and make secured
2 and unsecured loans for the acquisition and construction of
3 projects on terms the authority determines.

4 Sec. 74. Section 16.103, unnumbered paragraph 1, Code 2014,
5 is amended to read as follows:

6 In carrying out the ~~Iowa~~ economic development ~~bond bank~~
7 program, the authority may do any of the following:

8 Sec. 75. Section 16.105, subsection 1, unnumbered paragraph
9 1, Code 2014, is amended to read as follows:

10 The authority may provide in the resolution authorizing
11 the issuance of its bonds or notes for the ~~Iowa~~ economic
12 development ~~bond bank~~ program that the principal of, premium,
13 if any, and interest on the bonds or notes are payable
14 exclusively from any of the following:

15 Sec. 76. Section 16.105, subsections 10 and 13, Code 2014,
16 are amended by striking the subsections.

17 Sec. 77. Section 16.131, subsection 1, Code 2014, is amended
18 to read as follows:

19 1. The authority shall cooperate with the department
20 of natural resources in the creation, administration, and
21 financing of the ~~Iowa~~ water pollution control works and
22 drinking water facilities financing program established in
23 sections 455B.291 through 455B.299.

24 Sec. 78. Section 16.131A, subsection 8, Code 2014, is
25 amended to read as follows:

26 8. "*Program*" means the ~~Iowa~~ water pollution control works
27 and drinking water facilities financing program created
28 pursuant to section 455B.294.

29 Sec. 79. Section 16.132, subsection 6, Code 2014, is amended
30 by striking the subsection.

31 Sec. 80. Section 16.134, subsection 4, paragraph c, Code
32 2014, is amended to read as follows:

33 c. Priority shall be given to projects in which the
34 financial assistance is used to obtain financing under the ~~Iowa~~
35 water pollution control works and drinking water facilities

1 financing program pursuant to section 16.131 or other federal
2 or state financing.

3 RULEMAKING

4 Sec. 81. RULEMAKING. The Iowa finance authority may adopt
5 rules pursuant to chapter 17A to implement this division
6 of this Act prior to January 1, 2015. The rules shall be
7 effective January 1, 2015, unless a later date is specified in
8 the rules.

9 EFFECTIVE DATE

10 Sec. 82. EFFECTIVE DATE.

11 1. Except as provided in subsection 2, this division of this
12 Act takes effect January 1, 2015.

13 2. The provision of this Act allowing the Iowa finance
14 authority to adopt rules pursuant to chapter 17A to implement
15 this division of this Act prior to January 1, 2015, takes
16 effect upon enactment.

17 DIVISION II

18 COORDINATING AMENDMENTS

19 GENERAL PROVISIONS

20 Sec. 83. Section 2.48, subsection 3, paragraph c,
21 subparagraph (4), Code 2014, is amended by striking the
22 subparagraph.

23 Sec. 84. Section 2.48, subsection 3, paragraph e,
24 subparagraph (1), Code 2014, is amended to read as follows:

25 (1) (a) The agricultural assets transfer tax credit ~~under~~
26 as provided in section 175.37 and the 16.80.

27 (b) The custom farming contract tax credit as provided in
28 section ~~175.38~~ 16.81.

29 Sec. 85. Section 7C.4A, subsection 4, Code 2014, is amended
30 to read as follows:

31 4. Twenty-one percent of the state ceiling shall be
32 allocated to qualified small issue bonds issued for first-time
33 farmers under chapter ~~175~~ 16, subchapter VIII. However, at any
34 time during the calendar year the governor's designee, with the
35 approval of the Iowa finance authority, may determine that a

1 lesser amount need be allocated to qualified small issue bonds
2 for first-time farmers and on that date this lesser amount
3 shall be the amount allocated for those bonds and the excess
4 shall be allocated under subsection 7.

5 Sec. 86. Section 15F.204, subsection 8, paragraph e, Code
6 2014, is amended by striking the paragraph.

7 Sec. 87. Section 159.18, subsection 1, Code 2014, is amended
8 to read as follows:

9 1. As used in this section, "*farm programs*" includes, but
10 is not limited to, financial incentive programs established
11 within the division of soil conservation of the department of
12 agriculture and land stewardship as provided in section 161A.70
13 and the beginning farmer loan program administered by the Iowa
14 finance authority as provided in section ~~175.12~~ 16.75.

15 Sec. 88. Section 237.14, Code 2014, is amended to read as
16 follows:

17 **237.14 Enhanced foster care services.**

18 The department shall provide for enhanced foster
19 care services by establishing supplemental per diem or
20 performance-based contracts which include payment of costs
21 relating to payments of principal and interest for bonds and
22 notes issued pursuant to section ~~16.155~~ 16.57 with facilities
23 licensed under this chapter which provide special services to
24 children who would otherwise be placed in a state juvenile
25 institution or an out-of-state program. Before completion of
26 the department's budget estimate as required by section 8.23,
27 the department shall determine and include in the estimate the
28 amount which should be appropriated for enhanced foster care
29 services for the forthcoming fiscal year in order to provide
30 sufficient services.

31 Sec. 89. Section 422.7, subsection 2, paragraphs e and k,
32 Code 2014, are amended to read as follows:

33 e. ~~Iowa water~~ Water pollution control works and drinking
34 facilities financing program bonds pursuant to section 16.131,
35 subsection 5.

1 *k.* Iowa finance authority beginning farmer loan program
2 bonds pursuant to section ~~175.17~~ 16.64, subsection ~~10~~ 2.

3 Sec. 90. Section 422.11M, Code 2014, is amended to read as
4 follows:

5 **422.11M Beginning farmers — agricultural assets transfer**
6 **tax credit and custom farming contract tax credit.**

7 The taxes imposed under this division, less the credits
8 allowed under section 422.12, shall be reduced by the
9 following:

10 1. An agricultural assets transfer tax credit as allowed
11 under section ~~175.37~~ 16.80.

12 2. A custom farming contract tax credit as allowed under
13 section ~~175.38~~ 16.81.

14 Sec. 91. Section 422.33, subsection 21, Code 2014, is
15 amended to read as follows:

16 21. The taxes imposed under this division shall be reduced
17 by the following:

18 *a.* An agricultural assets transfer tax credit as allowed
19 under section ~~175.37~~ 16.80.

20 *b.* A custom farming contract tax credit as allowed under
21 section ~~175.38~~ 16.81.

22 Sec. 92. Section 422.33, subsection 27, Code 2014, is
23 amended by striking the subsection.

24 Sec. 93. Section 455B.291, subsection 8, Code 2014, is
25 amended to read as follows:

26 8. "*Program*" means the Iowa water pollution control works
27 and drinking water facilities financing program created
28 pursuant to section 455B.294.

29 Sec. 94. Section 455B.294, Code 2014, is amended to read as
30 follows:

31 **455B.294 Establishment of the Iowa water pollution control**
32 **works and drinking water facilities financing program.**

33 The Iowa water pollution control works and drinking water
34 facilities financing program is established for the purpose of
35 making loans available to eligible entities to finance all or

1 part of the costs of projects. The program shall be a joint and
2 cooperative undertaking of the department and the authority.
3 The department and the authority may enter into and provide
4 any agreements, documents, instruments, certificates, data,
5 or information necessary in connection with the operation,
6 administration, and financing of the program consistent with
7 this part, the Safe Drinking Water Act, the Clean Water Act,
8 the rules of the department and the commission, the rules of
9 the authority, and other applicable federal and state law. The
10 authority and the department may act to conform the program to
11 the applicable guidance and regulations adopted by the United
12 States environmental protection agency.

13 Sec. 95. Section 456A.38, subsection 1, paragraph a, Code
14 2014, is amended to read as follows:

15 a. "Agricultural land", "authority", "beginning farmer", and
16 "farming" mean the same as defined in section ~~175.2~~ 16.58.

17 Sec. 96. Section 456A.38, subsection 4, Code 2014, is
18 amended to read as follows:

19 4. The department shall execute a lease with a beginning
20 farmer selected to participate in the program after such person
21 has been certified by the authority as a beginning farmer who
22 meets the requirements of the authority, which shall be based
23 on section ~~175.12~~ 16.75, subsection 3, paragraphs "a", "c", "f",
24 and "g".

25 Sec. 97. Section 502.201, subsection 9B, Code 2014, is
26 amended to read as follows:

27 9B. *Iowa finance authority.* Any security issued by the
28 Iowa finance authority under chapter ~~175~~ 16, subchapter VIII.

29 Sec. 98. Section 535B.10, subsection 6, paragraph h, Code
30 2014, is amended to read as follows:

31 h. The administrator may furnish information to the Iowa
32 title guaranty division of the Iowa finance authority relating
33 to supervision of closing agent licensees whose activities
34 relate to the issuance of title guaranty certificates issued
35 by the title guaranty division. The Iowa title guaranty

1 division may use this information to satisfy its reinsurance
2 requirements and may provide the information to its reinsurer
3 to the extent necessary to satisfy reinsurer requirements
4 provided the reinsurer agrees to maintain the confidentiality
5 of the information. The Iowa title guaranty division shall
6 maintain the confidentiality of the information provided
7 pursuant to this paragraph in all other respects.

8 Sec. 99. Section 654.16, unnumbered paragraph 1, Code 2014,
9 is amended to read as follows:

10 If a sheriff's sale is ordered on agricultural land used for
11 farming, as defined in section ~~175.2~~ 16.58, the mortgagor may,
12 by a date set by the court but not later than ten days before
13 the sale, designate to the court the portion of the land which
14 the mortgagor claims as a homestead. The homestead may be any
15 contiguous portion of forty acres or less of the real estate
16 subject to the sheriff's sale. The homestead shall contain
17 the residence of the mortgagor and shall be as compact as
18 practicable.

19 Sec. 100. Section 654.16A, subsection 1, Code 2014, is
20 amended to read as follows:

21 1. Not later than the time a sheriff's deed to agricultural
22 land used for farming, as defined in section ~~175.2~~ 16.58, is
23 recorded, the grantee recording the sheriff's deed shall notify
24 the mortgagor of the mortgagor's right of first refusal. The
25 grantee shall record the sheriff's deed within one year and
26 sixty days from the date of the sheriff's sale. A copy of
27 this section, titled "Notice of Right of First Refusal" is
28 sufficient notice.

29

RULEMAKING

30 Sec. 101. RULEMAKING. The Iowa finance authority may
31 adopt rules pursuant to chapter 17A to implement this division
32 of this Act prior to January 1, 2015. The rules shall be
33 effective January 1, 2015, unless a later date is specified in
34 the rules.

35

EFFECTIVE DATE

1 Sec. 102. EFFECTIVE DATE.

2 1. Except as provided in subsection 2, this division of this
3 Act takes effect January 1, 2015.

4 2. The provision of this Act allowing the Iowa finance
5 authority to adopt rules pursuant to chapter 17A to implement
6 this division of this Act prior to January 1, 2015, takes
7 effect upon enactment.

8 DIVISION III

9 CODIFICATION

10 GENERAL PROVISIONS

11 Sec. 103. REORGANIZATION. The Code editor shall create new
12 subchapters, parts, and subparts in chapter 16, as amended in
13 this Act, for publication in the 2015 Code as follows:

14 1. Subchapter I may include section 16.1 as amended in this
15 Act. The subchapter may be entitled "General Definitions".

16 2. Subchapter II may include sections 16.1A, 16.2, and
17 16.2A, as amended in this Act, and sections 16.2B through
18 16.2D as enacted in this Act. The subchapter may be entitled
19 "Governance". The subchapter may be divided into parts as
20 follows:

21 a. Part 1 may include sections 16.1A and 16.2 as amended in
22 this Act. The part may be entitled "General".

23 b. Part 2 may include section 16.2A as amended in this Act
24 and sections 16.2B through 16.2D as enacted in this Act. The
25 part may be entitled "Special Governing Units".

26 3. Subchapter III may include section 16.2E as enacted in
27 this Act, section 16.3 as amended by this Act, reserved section
28 16.3A as repealed in this Act, section 16.4 as amended in
29 this Act, and sections 16.4A through 16.4D as enacted in this
30 Act. The subchapter may be entitled "Legislative Findings and
31 Guiding Principles". The subchapter may be divided into parts
32 as follows:

33 a. Part 1 may include section 16.2E as enacted in this Act.
34 The part may be entitled "General".

35 b. Part 2 may include sections 16.3 as amended by this

1 Act, reserved section 16.3A as repealed in this Act, and
2 section 16.4 as amended in this Act. The part may be entitled
3 "Housing".

4 c. Part 3 may include sections 16.4A and 16.4B as enacted in
5 this Act. The part may be entitled "Agricultural Development".

6 d. Part 4 may include section 16.4C as enacted in this Act.
7 The part may be entitled "Title Guaranty".

8 e. Part 5 may include section 16.4D as enacted in this Act.
9 The part may be entitled "Economic Development".

10 4. Subchapter IV may include sections 16.5 as amended in
11 this Act, reserved sections 16.5A and 16.5B, section 16.5C
12 as amended in this Act, and section 16.5D as enacted in this
13 Act. The subchapter may be entitled "Powers and Duties". The
14 subchapter may be divided into parts as follows:

15 a. Part 1 may include section 16.5 as amended in this
16 Act, and reserved sections 16.5A and 16.5B. The part may be
17 entitled "General Powers and Duties".

18 b. Part 2 may include section 16.5C as amended in this Act
19 and section 16.5D as enacted in this Act. The part may be
20 entitled "Specific Powers".

21 5. Subchapter V may include section 16.6, section 16.7
22 as amended in this Act, reserved section 16.8, section 16.9
23 as amended in this Act, reserved section 16.10 as repealed
24 in this Act, section 16.11 as enacted in this Act, reserved
25 section 16.12, section 16.13 as enacted in this Act, reserved
26 section 16.14, reserved section 16.15 as repealed in this Act,
27 and sections 16.16 through 16.19 as enacted in this Act. The
28 subchapter may be entitled "Administration". The subchapter
29 may be divided into parts as follows:

30 a. Part 1 may include section 16.6. The part may be
31 entitled "Executive Director".

32 b. Part 2 may include section 16.7 as amended in this
33 Act, reserved section 16.8, section 16.9 as amended in this
34 Act, reserved section 16.10 as repealed in this Act, section
35 16.11 as enacted in this Act, reserved section 16.12, section

1 16.13 as enacted in this Act, reserved section 16.14, reserved
2 section 16.15 as repealed in this Act, and section 16.16 as
3 enacted in this Act. The part may be entitled "General".

4 c. Part 3 may include sections 16.17 through 16.19 as
5 enacted in this Act. The part may be entitled "Statutory
6 Construction".

7 6. Subchapter VI may include reserved sections 16.20 and
8 16.21 as repealed in this Act, section 16.22 as enacted in this
9 Act, reserved sections 16.23 through 16.25, sections 16.26
10 and 16.27 as amended in this Act, section 16.27A as enacted
11 in this Act, section 16.28, section 16.29 as enacted in this
12 Act, sections 16.30 and 16.31, section 16.32 as enacted in this
13 Act, and reserved section 16.33 as repealed in this Act. The
14 subchapter may be entitled "Financing".

15 7. Subchapter VII may include reserved section 16.34 as
16 repealed in this Act, sections 16.34A through 16.36 as enacted
17 in this Act, reserved section 16.37 as repealed in this Act,
18 sections 16.38 and 16.39 as enacted in this Act, section 16.40
19 as amended in this Act, section 16.41, reserved section 16.42
20 as repealed in this Act, reserved section 16.43, section 16.44,
21 reserved section 16.45, sections 16.46 through 16.50 as enacted
22 in this Act, section 16.51, reserved section 16.52 as repealed
23 in this Act, sections 16.53 and 16.54, and sections 16.55
24 through 16.57 as enacted in this Act. The subchapter may be
25 entitled "Housing". The subchapter may be divided into parts
26 as follows:

27 a. Part 1 may include reserved section 16.34 as repealed in
28 this Act and section 16.34A as enacted in this Act. The part
29 may be entitled "Special Definition".

30 b. Part 2 may include sections 16.35 through 16.36 as
31 enacted in this Act, and reserved section 16.37 as repealed in
32 this Act. The part may be entitled "Administration".

33 c. Part 3 may include sections 16.38 and 16.39 as enacted in
34 this Act. The part may be entitled "Lending Institutions".

35 d. Part 4 may include section 16.40 as amended in this Act,

1 section 16.41, reserved section 16.42 as repealed in this Act,
2 reserved section 16.43, section 16.44, reserved section 16.45,
3 and section 16.46 through 16.50 as enacted in this Act. The
4 part may be entitled "Special Funds".

5 e. Part 5 may include section 16.51, reserved section 16.52
6 as repealed in this Act, sections 16.53 and 16.54, and sections
7 16.55 through 16.57 as enacted in this Act. The part may be
8 entitled "Additional Programs".

9 8. Subchapter VIII may include sections 16.58 through 16.64
10 as enacted in this Act, reserved sections 16.65 through 16.67,
11 reserved sections 16.68 and 16.69, sections 16.70 and 16.71 as
12 enacted in this Act, reserved section 16.72, reserved section
13 16.73 as repealed in this Act, reserved section 16.74, sections
14 16.75 and 16.76 as enacted in this Act, reserved section
15 16.77, sections 16.78 through 16.84 as enacted in this Act,
16 and reserved sections 16.85 through 16.89. The subchapter may
17 be entitled "Agricultural Development". The subchapter may be
18 divided into parts as follows:

19 a. Part 1 may include sections 16.58 and 16.59 as enacted in
20 this Act. The part may be entitled "General".

21 b. Part 2 may include sections 16.60 through 16.63
22 as enacted in this Act. The part may be entitled
23 "Administration".

24 c. Part 3 may include section 16.64 as enacted in this
25 Act, reserved sections 16.65 through 16.67, section 16.68 as
26 enacted in this Act, and reserved section 16.69. The part may
27 be entitled "Special Financing".

28 d. Part 4 may include sections 16.70 and 16.71 as enacted
29 in this Act, reserved section 16.72, reserved section 16.73 as
30 repealed in this Act, and reserved section 16.74. The part may
31 be entitled "Loans to Lending Institutions".

32 e. Part 5 may include sections 16.75 and 16.76 as enacted in
33 this Act, reserved section 16.77, and sections 16.78 through
34 16.84 as enacted in this Act, and reserved sections 16.85
35 through 16.89. The part may be entitled "Beginning Farmer

1 Programs". The part may be divided into subparts as follows:

2 (1) Subpart A may include sections 16.75 and 16.76 as
3 enacted in this Act and reserved section 16.77. The subpart
4 may be entitled "Beginning Farmer Loan Program".

5 (2) Subpart B may include sections 16.78 through 16.82 as
6 enacted in this Act. The subpart may be entitled "Beginning
7 Farmer Tax Credit Program".

8 (3) Subpart C may include sections 16.83 and 16.84 as
9 enacted in this Act, and reserved sections 16.85 through 16.89.
10 The subpart may be entitled "Agricultural Producer Programs".

11 9. Subchapter IX may include section 16.90 as enacted
12 in this Act, and section 16.91 as amended in this Act, and
13 sections 16.92 through 16.97. The subchapter may be entitled
14 "Title Guaranty". The subchapter may be divided into parts as
15 follows:

16 a. Part 1 may include section 16.90 as enacted in this Act.
17 The part may be entitled "General".

18 b. Part 2 may include section 16.91 as amended in this Act,
19 sections 16.92 and 16.93, and reserved sections 16.94 through
20 16.97. The part may be entitled "Program".

21 10. Subchapter X may include reserved sections 16.98 and
22 16.99, reserved sections 16.100 and 16.100A as repealed in this
23 Act, reserved section 16.101, section 16.102, section 16.103 as
24 amended in this Act, section 16.104, section 16.105 as amended
25 in this Act, section 16.106 as repealed by this Act, reserved
26 sections 16.107 through 16.130, section 16.131 and section
27 16.132 as amended in this Act, sections 16.133 and 16.133A,
28 sections 16.134 as amended in this Act, section 16.135,
29 reserved sections 16.136 through 16.140, section 16.141,
30 reserved sections 16.142 through 16.154, reserved section
31 16.155 as repealed in this Act, reserved sections 16.156
32 through 16.160, sections 16.161 and 16.162, reserved sections
33 16.163 through 16.170, repealed section 16.171 as repealed in
34 this Act, reserved sections 16.172 through 16.176, section
35 16.177, reserved sections 16.178 through 16.180, sections

1 16.181 and 16.181A, reserved sections 16.182 through 16.185
2 as repealed in this Act, reserved sections 16.186 and 16.187,
3 reserved section 16.188 as repealed in this Act, reserved
4 sections 16.189 through 16.192, sections 16.193 through 16.196,
5 reserved section 16.197 as repealed by this Act, reserved
6 sections 16.198 through 16.200, reserved section 16.201 as
7 repealed in this Act, reserved sections 16.202 through 16.210,
8 reserved sections 16.211 and 16.212 as repealed in this Act,
9 reserved sections 16.213 through 16.220, and reserved section
10 16.221 as repealed in this Act. The subchapter may be entitled
11 "Special Financing Programs". The subchapter may be divided
12 into parts as follows:

13 a. Part 1 may include reserved sections 16.98 and 16.99,
14 reserved sections 16.100 and 16.100A as repealed in this Act,
15 reserved section 16.101, sections 16.102 and 16.103 as amended
16 in this Act, section 16.104, section 16.105 as amended in this
17 Act, section 16.106 as repealed in this Act, and reserved
18 sections 16.107 through 16.130. The part may be entitled
19 "Economic Development Program".

20 b. Part 2 may include sections 16.131 through 16.132 as
21 amended in this Act, sections 16.133 and 16.133A, section
22 16.134 as amended in this Act, section 16.135, and reserved
23 sections 16.136 through 16.140. The part may be entitled
24 "Water Pollution Control Works and Drinking Water Facilities
25 Financing".

26 c. Part 3 may include section 16.141 and reserved sections
27 16.142 through 16.154. The part may be entitled "Unsewered
28 Community Revolving Loan Program".

29 d. Part 4 may include section 16.155 as repealed in this
30 Act, reserved sections 16.156 through 16.160, and section
31 16.161. The part may be entitled "E911 Program".

32 e. Part 5 may include section 16.162 and reserved sections
33 16.163 through 16.170. The part may be entitled "Community
34 College Dormitories".

35 f. Part 6 may include section 16.171 and reserved sections

1 16.172 through 16.176. The part may be entitled "Recovery Zone
2 Bonds".

3 g. Part 7 may include section 16.177, and reserved sections
4 16.178 through 16.180. The part may be entitled "Prison
5 Infrastructure Revenue Bonds".

6 h. Part 8 may include sections 16.181 and 16.181A, reserved
7 sections 16.182 through 16.185 as repealed in this Act,
8 reserved sections 16.186 and 16.187, reserved section 16.188 as
9 repealed in this Act, and reserved sections 16.189 and 16.190.
10 The part may be entitled "Housing Trust Fund".

11 i. Part 9 may include reserved sections 16.191 and 16.192,
12 sections 16.193 through 16.196, reserved section 16.197 as
13 repealed in this Act, reserved sections 16.198 through 16.200,
14 reserved section 16.201 as repealed in this Act, reserved
15 sections 16.202 through 16.210, reserved sections 16.211 and
16 16.212 as repealed in this Act, reserved sections 16.213
17 through 16.220, and reserved section 16.221 as repealed by this
18 Act. The part may be entitled "Iowa Jobs Program".

19 CORRECTIONS AND FURTHER REORGANIZATION

20 Sec. 104. AUTHORITY TO CODE EDITOR. In reorganizing
21 chapter 16 for publication as part of the 2015 Code, all of the
22 following shall apply:

23 1. The Code editor shall correct internal references as
24 necessary.

25 2. Nothing in this Act prevents the Code editor from
26 organizing chapter 16, as provided in section 2B.13, in a
27 manner other than specified in this division. The Code editor
28 may consolidate the subchapters, parts, subparts, or sections
29 in chapter 16, including by eliminating unused section numbers
30 and renumbering sections included in chapter 16 as amended by
31 this Act, and correcting internal references in a manner that
32 enhances its readability.

33 EFFECTIVE DATE

34 Sec. 105. EFFECTIVE DATE. This division of this Act takes
35 effect upon enactment.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

DIVISION IV
TRANSITIONAL PROVISIONS
ADMINISTRATION

Sec. 106. POWERS AND DUTIES OF THE IOWA FINANCE

AUTHORITY. This Act does not do any of the following:

1. Substantively affect the powers and duties of the Iowa finance authority provided for in chapter 16 or 175 as either chapter existed immediately prior to the effective date of this division of this Act.

2. Restrict the Iowa finance authority from adopting a rule, form, order, or directive that it could have adopted under chapter 16 or 175 as either chapter existed immediately prior to the effective date of this division of this Act.

Sec. 107. ADMINISTRATION OF ONGOING PROGRAMS. The Iowa finance authority shall continue the administration of ongoing programs under chapter 16 or 175, in progress on the effective date of this division of this Act.

Sec. 108. ADMINISTRATIVE RULES AND OTHER ACTIONS AND DOCUMENTS. Any rule, form, order, or directive promulgated by the Iowa finance authority pursuant to chapter 16, including section 16.1A, or chapter 175, as required to administer and enforce the provisions of chapter 16 as amended in this Act, shall continue in full force and effect until amended, rescinded, or supplemented by the affirmative action of the Iowa finance authority.

Sec. 109. GOVERNING BODIES.

1. This Act's repeal of section 175.3 and the enactment of section 16.2C shall not affect the original appointment or term of office of a member to the agricultural development board by the governor pursuant to 2013 Iowa Acts, chapter 100. However, such a member shall comply with any new requirement as provided in this Act upon reappointment and a new member shall comply with all requirements as provided in this Act upon appointment or reappointment.

2. This Act's repeal of section 16.100 and the enactment

1 of section 16.2D shall not affect the appointment or term of
2 office of a member to the council on homelessness.

3 Sec. 110. PERSONNEL. Nothing in this Act affects personnel
4 in the state merit system of employment.

5 LEGAL OR EQUITABLE RIGHTS

6 Sec. 111. PENDING ADMINISTRATIVE OR JUDICIAL PROCEEDINGS.

7 1. An administrative or judicial proceeding arising under
8 chapter 16 or 175 prior to the effective date of this division
9 of this Act, and pending on the effective date of this division
10 of this Act, shall not be affected due to the enactment of this
11 Act.

12 2. A cause of action or statute of limitation relating to
13 an action taken by a party in a matter arising under chapter 16
14 or 175 prior to the effective date of this division of this Act
15 shall not be affected by this Act.

16 3. The Iowa finance authority or the attorney general acting
17 on behalf of the Iowa finance authority in an administrative
18 or judicial proceeding pending on the effective date of this
19 division of this Act shall not be affected as a result of this
20 Act. Any statute of limitation that would have otherwise
21 applied to the parties in such proceeding shall continue to
22 apply to the parties as if this Act had not been enacted.

23 Sec. 112. EXISTING RIGHTS AND OBLIGATIONS OF THE IOWA
24 FINANCE AUTHORITY. Nothing in this Act affects any of the
25 following:

26 1. An interest in real property, tangible personal
27 property, or intangible personal property held by the Iowa
28 finance authority.

29 2. A property right, security interest, or lien held by the
30 Iowa finance authority, including but not limited to a deed,
31 contract, or endorsement.

32 3. Any debt, obligation, or liability incurred by the Iowa
33 finance authority which shall continue according to the same
34 terms and conditions as applied prior to the effective date of
35 this division of this Act.

1 Sec. 113. PRESERVATION OF EXISTING RIGHTS.

2 1. This Act shall preserve and shall neither increase nor
3 decrease a right or obligation of a party or any other person
4 connected with the issuance, holding, transfer, redemption, or
5 payment of a bond or note under chapter 16 or 175 as either
6 chapter existed prior to the effective date of this division
7 of this Act.

8 2. This Act shall not limit, modify, or otherwise affect
9 the term or condition of an agreement between the Iowa finance
10 authority and another person which was originally executed
11 under chapter 16 or 175 as either chapter existed prior to
12 the effective date of this division of this Act. This Act
13 specifically does not affect any program for beginning farmers
14 or first-time farmers as that program existed under chapter 175
15 prior to the effective date of this division of this Act.

16 3. This Act shall not limit, modify, or otherwise
17 adversely affect a taxpayer's right to claim or redeem a tax
18 credit issued, awarded, or allowed under sections 175.36A
19 through 175.39, including but not limited to any tax credit
20 carryforward amount so long as the tax credit was issued,
21 awarded, or allowed when sections 175.36A through 175.39 were
22 in effect. A person shall not claim or be issued, awarded,
23 or allowed the same tax credit under sections 175.36A through
24 175.39 in effect prior to the effective date of this division
25 of this Act and chapter 16, subchapter VIII, part 5, as enacted
26 in this Act on and after the effective date of this division of
27 this Act.

28 EFFECTIVE DATE

29 Sec. 114. EFFECTIVE DATE. This division of this Act takes
30 effect on January 1, 2015.

31 DIVISION V

32 CURRENT REPEAL PROVISIONS

33 GENERAL

34 Sec. 115. REPEAL. Sections 16.3A, 16.10, 16.15, 16.20,
35 16.21, 16.33, 16.34, 16.37, 16.42, 16.44, 16.52, 16.73, 16.100,

1 16.100A, 16.106, 16.155, 16.171, 16.182, 16.183, 16.184,
2 16.185, 16.188, 16.197, 16.201, 16.211, 16.212, 16.221, and
3 422.11X, Code 2014, are repealed.

4 Sec. 116. REPEAL. Chapter 175, Code 2014, is repealed.

5 REPEAL OF CONFLICTING INTERVENING PROVISION

6 Sec. 117. REPEAL. Any intervening provision effective
7 prior to the effective date of this division of this Act that
8 amends a section or chapter repealed in another section of
9 this division of this Act is also repealed, unless that Act or
10 another Act specifically provides otherwise.

11 EFFECTIVE DATE

12 Sec. 118. EFFECTIVE DATE. This division of this Act takes
13 effect January 1, 2015.

14 DIVISION VI

15 FUTURE PROVISIONS

16 REPEAL OF THE BEGINNING FARMER TAX CREDIT PROGRAM

17 Sec. 119. REPEAL. Section 2.48, subsection 3, paragraph e,
18 subparagraph (1), subparagraph division (b), as amended by this
19 Act, is amended by striking the subparagraph division.

20 Sec. 120. REPEAL. Section 16.1, subsection 1, paragraph an,
21 as enacted by this Act, is amended by striking the paragraph.

22 Sec. 121. REPEAL. Section 16.58, subsections 7 and 13, as
23 enacted by this Act, are amended by striking the subsections.

24 Sec. 122. REPEAL. Section 422.11M, subsection 2, as amended
25 by this Act, is amended by striking the subsection.

26 Sec. 123. REPEAL. Section 422.33, subsection 21,
27 paragraph b, as amended by this Act, is amended by striking the
28 paragraph.

29 Sec. 124. REPEAL. Sections 16.78, 16.79, 16.81, and 16.82,
30 as enacted by this Act, are repealed.

31 Sec. 125. REPEAL. 2013 Iowa Acts, chapter 125, division II,
32 is repealed.

33 ENACTMENT OF THE AGRICULTURAL ASSETS TRANSFER TAX CREDIT

34 Sec. 126. Section 16.80, as enacted by this Act, is amended
35 by striking the section and inserting in lieu thereof the

1 following:

2 **16.80 Agricultural assets transfer tax credit — agreement.**

3 1. An agricultural assets transfer tax credit is allowed
4 under this section. The tax credit is allowed against the
5 taxes imposed in chapter 422, division II, as provided in
6 section 422.11M, and in chapter 422, division III, as provided
7 in section 422.33, to facilitate the transfer of agricultural
8 assets from a taxpayer to a beginning farmer.

9 2. In order to qualify for the tax credit, the taxpayer
10 must meet qualifications established by rules adopted by the
11 authority. At a minimum, the taxpayer must comply with all of
12 the following:

13 a. Be a person who may acquire or otherwise obtain or lease
14 agricultural land in this state pursuant to chapter 9H or 9I.
15 However, the taxpayer must not be a person who may acquire
16 or otherwise obtain or lease agricultural land exclusively
17 because of an exception provided in one of those chapters or in
18 a provision of another chapter of this Code including but not
19 limited to chapter 10, 10D, or 501, or section 15E.207.

20 b. Execute an agricultural assets transfer agreement with a
21 beginning farmer as provided in this section.

22 3. An individual may claim a tax credit under this section
23 of a partnership, limited liability company, S corporation,
24 estate, or trust electing to have income taxed directly to
25 the individual. The amount claimed by the individual shall
26 be based upon the pro rata share of the individual's earnings
27 from the partnership, limited liability company, S corporation,
28 estate, or trust.

29 4. The tax credit is allowed only for agricultural assets
30 that are subject to an agricultural assets transfer agreement.
31 The agreement shall provide for the lease of agricultural land
32 including any improvements and may provide for the rental of
33 agricultural equipment as defined in section 322F.1.

34 a. The agreement may be made on a cash basis or on a
35 commodity share basis which includes a share of the crops or

1 livestock produced on the agricultural land. The agreement
2 must be in writing.

3 *b.* The agreement shall be for at least two years, but
4 not more than five years. The agreement or that part of
5 the agreement providing for the lease may be renewed by the
6 beginning farmer for a term of at least two years, but not more
7 than five years. An agreement does not include a lease or the
8 rental of equipment intended as a security.

9 5. The tax credit shall be calculated based on the gross
10 amount paid to the taxpayer under the agricultural assets
11 transfer agreement.

12 *a.* Except as provided in paragraph "b", the tax credit shall
13 equal five percent of the amount paid to the taxpayer under the
14 agreement.

15 *b.* The tax credit shall equal fifteen percent of the
16 amount paid to the taxpayer from crops or animals sold under
17 an agreement in which the payment is exclusively made from the
18 sale of crops or animals.

19 6. In order to qualify as a beginning farmer, a person
20 must be eligible to receive financial assistance under section
21 16.75.

22 7. A tax credit in excess of the taxpayer's liability for
23 the tax year may be credited to the tax liability for the
24 following five years or until depleted, whichever is earlier.
25 A tax credit shall not be carried back to a tax year prior to
26 the tax year in which the taxpayer redeems the tax credit. A
27 tax credit shall not be transferable to any other person other
28 than the taxpayer's estate or trust upon the taxpayer's death.

29 8. A taxpayer shall not claim a tax credit under this
30 section unless a tax credit certificate issued by the authority
31 is attached to the taxpayer's tax return for the tax year for
32 which the tax credit is claimed. The authority must review
33 and approve an application for a tax credit as provided by
34 rules adopted by the authority. The application must include
35 a copy of the agricultural assets transfer agreement. The

1 authority may approve an application and issue a tax credit
2 certificate to a taxpayer who has previously been allowed a
3 tax credit under this section. The authority may require
4 that the parties to an agricultural assets transfer agreement
5 provide additional information as determined relevant by the
6 authority. The authority shall review an application for a tax
7 credit which includes the renewal of an agricultural assets
8 transfer agreement to determine that the parties to the renewed
9 agreement meet the same qualifications as required for an
10 original application. However, the authority shall not approve
11 an application or issue a certificate to a taxpayer if any of
12 the following applies:

13 *a.* The taxpayer is at fault for terminating a prior
14 agricultural assets transfer agreement as determined by the
15 authority.

16 *b.* The taxpayer is any of the following:

17 (1) A party to a pending administrative or judicial action,
18 including a contested case proceeding under chapter 17A,
19 relating to an alleged violation involving an animal feeding
20 operation as regulated by the department of natural resources,
21 regardless of whether the pending action is brought by the
22 department or the attorney general.

23 (2) Classified as a habitual violator for a violation of
24 state law involving an animal feeding operation as regulated by
25 the department of natural resources.

26 *c.* The beginning farmer is responsible for managing or
27 maintaining agricultural land and other agricultural assets
28 that are greater than necessary to adequately support a
29 beginning farmer as determined by the authority according to
30 rules which shall be adopted by the authority.

31 *d.* The agricultural assets are being leased or rented at
32 a rate which is substantially higher or lower than the market
33 rate for similar agricultural assets leased or rented within
34 the same community, as determined by the authority.

35 9. A taxpayer or the beginning farmer may terminate an

1 agricultural assets transfer agreement as provided in the
2 agreement or by law. The taxpayer must immediately notify the
3 authority of the termination.

4 *a.* If the authority determines that the taxpayer is not
5 at fault for the termination, the authority shall not issue a
6 tax credit certificate to the taxpayer for a subsequent tax
7 year based on the approved application. Any prior tax credit
8 is allowed as provided in this section. The taxpayer may
9 apply for and be issued another tax credit certificate for the
10 same agricultural assets as provided in this section for any
11 remaining tax years for which a certificate was not issued.

12 *b.* If the authority determines that the taxpayer is at fault
13 for the termination, any prior tax credit allowed under this
14 section is disallowed. The tax credit shall be recaptured
15 and the amount of the tax credit shall be immediately due and
16 payable to the department of revenue. If a taxpayer does
17 not immediately notify the authority of the termination,
18 the taxpayer shall be conclusively deemed at fault for the
19 termination.

20 10. The amount of tax credit certificates that may be issued
21 pursuant to this section shall not exceed six million dollars
22 in any fiscal year. The authority shall issue the tax credit
23 certificates on a first-come, first-served basis.

24 REPEAL OF INTERVENING PROVISIONS

25 Sec. 127. REPEAL. Any intervening provision effective
26 prior to the effective date of this division of this Act
27 that amends a section, subsection, paragraph, subparagraph,
28 or subparagraph division, as enacted or amended in another
29 division of this Act, and repealed in another section of this
30 division of this Act is also repealed, unless that Act or
31 another Act specifically provides otherwise.

32 PROPOSED LEGISLATION

33 Sec. 128. IOWA FINANCE AUTHORITY. The Iowa finance
34 authority established in chapter 16 shall propose legislation
35 to the general assembly necessary to implement this division

1 of this Act. The Iowa finance authority shall propose such
2 legislation for consideration by the general assembly during
3 its 2017 legislative session.

4 EFFECTIVE DATE

5 Sec. 129. EFFECTIVE DATES.

6 1. a. Except as provided in subsection 2, this division of
7 this Act takes effect January 1, 2018.

8 b. The section of this division of this Act which enacts
9 the agricultural assets transfer tax credit as codified in
10 section 16.80 takes effect instantly upon the repeal of the
11 agricultural assets transfer tax credit previously codified in
12 section 16.80 and enacted in another division of this Act.

13 2. The section of this division of this Act which requires
14 the Iowa finance authority to propose legislation for
15 consideration by the general assembly takes effect July 1,
16 2016.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with
19 the explanation's substance by the members of the general assembly.

20 BACKGROUND — GENERAL. Code chapter 16 establishes the
21 Iowa finance authority (IFA) under the authority of a board
22 of directors and supervised by an executive director. The
23 IFA administers a number of programs including programs that
24 address housing needs, such as programs to assist low-income
25 to moderate-income families in attaining housing, and homeless
26 assistance. The authority also provides a number of other
27 programs relating to title guaranties, and financing to further
28 economic development, drinking water and waste water systems,
29 residential treatment facilities, E-911, community college
30 dormitories, prison infrastructure, Iowa job creation, and
31 disaster recovery.

32 BACKGROUND — 2013 LEGISLATION. In 2013, the 85th General
33 Assembly enacted HF 607 (2013 Iowa Acts, chapter 100) which
34 transferred the powers and duties of the agricultural
35 development authority organized under Code chapter 175 to IFA.

1 Code chapter 175 establishes a number of programs to assist
2 farmers, including beginning farmers, to start or expand their
3 operations. Code chapter 16 and Code chapter 175 include
4 provisions authorizing debt financing, including the issuance
5 of bonds and debts, and provides a framework for the state
6 to cooperate with financial institutions in order to provide
7 affordable credit.

8 GOVERNING STRUCTURE. IFA is headed by a board of directors
9 appointed by the governor and is supervised by an executive
10 director. House File 607 created an agricultural development
11 division within the authority. The division is administered by
12 a new agricultural development board.

13 BILL'S PROVISIONS — REORGANIZATION. This bill incorporates
14 the provisions of Code chapter 175 into Code chapter 16. It
15 also effectively moves provisions within Code chapter 16 in
16 order to enhance its readability. It accomplishes this goal by
17 repealing provisions in the two Code chapters and reenacting
18 the provisions within Code chapter 16, and dividing the Code
19 chapter into a number of subchapters and parts within those
20 subchapters. In some instances, the provisions in Code
21 chapter 175 are similar to provisions in Code chapter 16 and
22 in those circumstances the bill either amends the provisions
23 in Code chapter 16 or does not enact the duplicative provision
24 currently in Code chapter 175. In all other cases, the
25 bill enacts provisions in Code chapter 175 as part of a new
26 subchapter in Code chapter 16.

27 BILL'S PROVISIONS — NAME CHANGES. The bill makes changes in
28 a number of names. The name of the "title guaranty division"
29 is changed to the "Iowa title guaranty division". The name of
30 the "Iowa economic development bond bank program" is changed
31 to the "economic development program". The name of the "Iowa
32 water pollution control works and drinking water facilities
33 financing program" is changed to the "water pollution control
34 works and drinking water facilities financing program".

35 BILL'S PROVISIONS — TERMINOLOGY CHANGES. The bill changes

1 the term "mortgage lender" to "lending institution". A lending
 2 institution is defined to include a bank, trust company,
 3 mortgage company, national banking association, federal savings
 4 association, or life insurance company; any state or federal
 5 governmental agency or instrumentality; the federal land bank
 6 or any of its local associations; or any other institution
 7 authorized to make loans in this state.

8 BILL'S PROVISIONS — REVISION OR ELIMINATION OF PROGRAMS,
 9 FUNDS, AND DUTIES. Programs and funds administered directly
 10 by IFA, and related duties, which are to be eliminated include
 11 the housing improvement fund program, disaster recovery housing
 12 project tax credit, and recovery zone bonds. Programs and
 13 funds administered by the agricultural development board,
 14 and related duties, which are to be eliminated include the
 15 soil conservation loan program, and the assistance and
 16 management programs for beef cattle producers. It eliminates
 17 a requirement that the authority report semiannually to the
 18 standing committees on government oversight. It provides
 19 that members of the agricultural development board are to be
 20 confirmed by the senate. It expands the provisions which
 21 allow programs to be combined to include any public or private
 22 program. The bill revises a number of requirements regarding
 23 the beginning farmer program, including by expanding the types
 24 of loans that may be provided to beginning farmers, eliminating
 25 requirements that all partners in a family farm partnership,
 26 shareholders in a family farm corporation, and members of
 27 a family farm limited liability company all be residents
 28 of the state. It removes a requirement that all partners,
 29 shareholders, or members have sufficient education, training,
 30 or experience in farming. It removes a requirement that
 31 agricultural land or improvements financed under the program
 32 can only be used for farming by partners, shareholders, or
 33 members.

34 BILL'S PROVISIONS — CONSOLIDATION. The bill consolidates a
 35 number of provisions that were included in Code chapter 16 and

1 applicable to certain programs or under Code chapter 175, and
2 makes them generally applicable to all programs administered
3 by the authority under the Code chapter, including provisions
4 which apply to the management of reserve funds, and powers
5 relating to loans.

6 BEGINNING FARMER TAX CREDIT PROGRAM. In 2013, the general
7 assembly also enacted HF 599 (2013 Iowa Acts, chapter 125)
8 which created a beginning farmer tax credit program, which
9 expanded an existing agricultural assets transfer tax credit
10 and created a new custom farming contract tax credit. On
11 December 31, 2017, the provisions of that Act are repealed
12 and the former version of the agricultural assets transfer
13 tax credit is to be restored. The bill still repeals the
14 provisions in HF 599 and restores the old agricultural assets
15 transfer tax credit on the same date but the bill codifies the
16 old tax credit as part of its new subchapter in Code chapter
17 16.

18 TRANSITIONAL PROVISIONS. The bill includes a number of
19 transitional provisions that provide that IFA will continue to
20 administer programs under new Code chapter 16 as it formally
21 did under current Code chapter 16 or repealed Code chapter 175.

22 EFFECTIVE DATES. Generally, the bill's provisions take
23 effect on January 1, 2015, except for the elimination of the
24 beginning farmer tax credit program and the resurrection of the
25 agricultural assets transfer tax credit on January 1, 2018.
26 IFA remains responsible for proposing legislation by July 1,
27 2016, to accomplish the bill's objectives.